



Case Study

REGISTERS OF SCOTLAND
Executive Agency



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PRINCE2

PRINCE2 is a project management method. It's a structured approach, which can be tailored for use on any type or size of project. (See Sections 8, 9 and 10 for more detail).

Purpose of the Case Study

The Case Study has been written in response to requests for examples of PRINCE2 implementation from organisations considering using the method.

Registers of Scotland

In Scotland, land registers were established seven centuries ago to give citizens the power and protection of having their rights recorded in an official register.

The important element of any system of land tenure is evidence. In feudal days this evidence was provided by a witnessed ceremony on the ground called 'giving sasine'. With the spread of literacy, written records were established. Today, electronic map-based registers are available on-line to all interested parties.

Registers of Scotland is the Executive Agency responsible for framing and maintaining records relating to property and further legal proceedings. They are a customer-focussed organisation for whom technology is pivotal.

Located in Edinburgh and Glasgow, they employ 1300 people and have an annual operating budget in the order of £50 million.

Acknowledgements

Thanks are due to Frank Manson, Managing Director and Alvin Gardiner, Programme Manager and their colleagues at Registers of Scotland for giving their time and sharing their experiences of PRINCE2.

Case Study Format

The use of PRINCE2 in Registers of Scotland is being led by the Managing Director and so the Case Study starts with his reasons for using the method and the benefits to the organisation. The organisation has been restructured to enable continuous business change through project management and Section 3 contains a description of the structure. PRINCE2 is used by people in a variety of roles and their personal views of the method are contained in Section 4. How PRINCE2 was introduced is summarised in Section 5. Guidance on supporting business change through projects was written by the Managing Director. Extracts from the Guidance appear in Section 6. Section 7 contains observations on the Case Study by the Office of Government Commerce (OGC) who own PRINCE2.

2. Managing Director's view of the Business Case for PRINCE2

Frank Manson, Managing Director, introduced PRINCE2 into the organisation. He says:

Project Management is one of the most neglected areas in organisations. Often change management is not very well done and there is senior level ignorance on how best to handle it. We were no exception, we were aware we were not managing projects well. In the mid-90s we had a business critical e-commerce project which was running 2 years late with a £1million pound overspend.

Part of the problem was a 'silo' departmental mentality which did not facilitate interdependent changes to the organisation. We had the wrong thing in the wrong place at the wrong time. We had more projects than hot dinners and, without good project closure, had difficulty assessing their impact and business benefits.

We needed an approach which would help us manage strategic change through closely scrutinised projects. We chose PRINCE2 because we knew of it, some people had used it and our environment suits it. It's also very scaleable'.

In May 2001 the business was restructured (see Section 3) incorporating a Business Change Group, chaired by Frank, to drive and monitor organisational change through Project Management.

Frank believes that a more disciplined environment has been created. Project Managers have to put forward information for strategic decision. He feels he can now rely on information and is more able to advise the Management Board. Previously information was incomplete or wrong, especially regarding sub-contractor management, because the right reporting mechanisms were not in place. He now feels less likely to have the wool pulled over his eyes.

He observes that, while some people perceive the method to be bureaucratic and begin using it that way, as confidence grows it can be refined. The main benefits from his point of view are that projects and the organisation's 'mindset' are now business case driven and risks and progress are closely monitored.

In Frank's words '*Where change is the norm, there is a constant need to check priorities. Something has to be done to manage change effectively and resources are required. Complexity needs to be managed otherwise it is overwhelming. If you don't use Project Management to do so, what do you use?*'.

3. Registers of Scotland Restructured for Business Change

3.1 Introduction

Recognising that continual business change is now the norm, Registers of Scotland have restructured their organisation. The detail of the organisation structure and the roles and responsibilities within it are included in this Case Study because they are a working example of how the Project Management approach required to support business change can be an integral part of an organisation.

A point to note on reading this section is that, in Registers of Scotland, 'large' business change projects are subject to a formal approval and set up process and then managed as part of the 'Business Change Programme'. In every day working this term becomes abbreviated to 'the programme'.

'Small' business change projects are managed separately from the programme by teams specifically created for the project in hand as described below (Section 3.5).

Currently the business change programme includes:

- a project to secure a partner organisation to deliver IT support and infrastructure
- a business process re-engineering project
- a project to deliver an external customer interface for e-Registration

Many organisations have the issue 'when is a project not a project but business as usual?' Also, what is meant by 'large' project and 'small' project and deciding therefore to what extent the Project Management should be formalised, is not an exact science and varies from organisation to organisation. The approach taken by Registers of Scotland to this is described in Section 6.

Following are two charts and some notes on the salient feature of the charts for the purposes of this Case Study. Chart 1 shows the overall structure of Registers of Scotland. Chart 2 shows the structure which reports to the Business Change Group.

The notes are extracts from guidance prepared by the Managing Director, incorporating PRINCE2 guidance, on roles and responsibilities within the organisation and cover;

- 3.2 The Management Board
- 3.3 The Business Change Group.
- 3.4 The Programme Manager and Programme Board
- 3.5 The Business Change Manager and Team
- 3.6 The Programme Support Office
- 3.7 Project Management roles

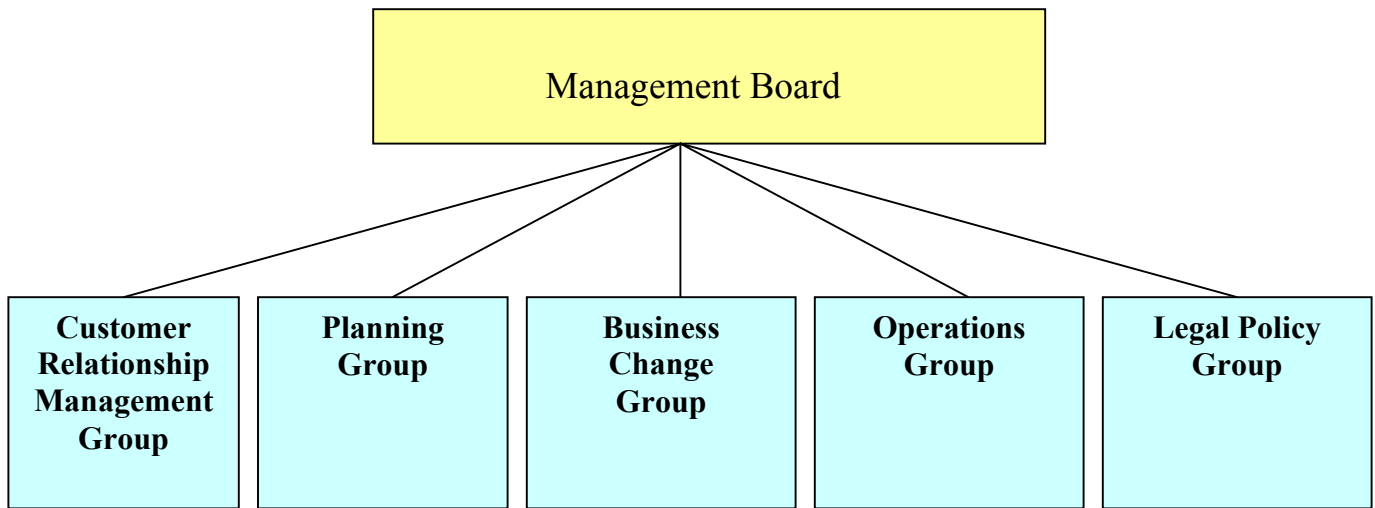


Chart 1: Structure of Registers of Scotland

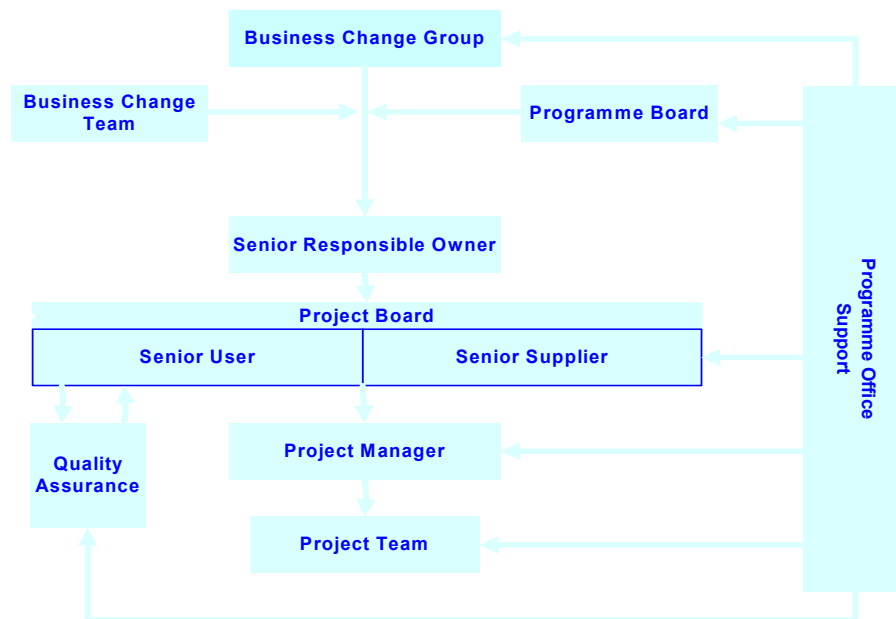


Chart 2. Business Change Group Structure

3.2 The Management Board

The Management Board reports to the Scottish Executive. It is chaired by the Chief Executive Officer (otherwise known as the Keeper of the Registers of Scotland) and comprises the Managing Director, the Deputy Keeper of the Registers and the Executive Directors of the organisation. The Management Board has ultimate responsibility for all policy issues and strategic decision making. It is also the only body entitled to authorise budgets. It sets the Business Strategy and approves the detailed operational and support strategies which deliver the business strategy. As such it approves projects for inclusion within the Business Change Programme. Once projects have been approved and budgets set, the Management Board delegates the monitoring and reporting function to the Business Change Group.

3.3 Business Change Group (BCG)

The link between strategy and business process is maintained by the fact that most of the members of the Management Board are part of the BCG. It also includes the Business Change Manager and the Programme Manager. It receives quarterly reports from the Programme Board, detailing programme activities and the progress of individual projects and meets bi-monthly to accept exception reports from the Programme Board and Projects highlighting any matters of immediate concern. The main responsibilities of the BCG are:

- to ensure that the programme is run as an integrated whole
- to ensure adequate resources are devoted to crosscutting issues
- to promote communication of business change
- from time to time commission work designed to investigate change options

3.4 Programme Manager and Programme Board

The Programme Manager is responsible for the operational management of the programme. This involves the forward planning of programme activities, the co-ordination of projects which make up the programme, the management of interface and overlap issues, the resolution of resource conflicts and the provision of advice to the BCG on programme resourcing, priorities and performance. The programme consists of all those projects formally established by the project approval process. The programme may also include generic initiatives - which bring together a number of smaller projects under a collective management structure.

The Programme Manager reports to the BCG and manages the Programme Office, which provides the necessary executive and administrative resources to enable the Programme Manager to monitor and report on the content of the Programme.

The Programme Manager also chairs the Programme Board, which provides the operational forum for the management of the Programme. Its members are the Project Managers of the projects in the programme, together with the IT Development Manager and the Programme Officer. It meets monthly and reviews the programme, focussing upon three areas: forward planning, interface and overlap issues and resourcing.

3.5 The Business Change Manager and Teams

The Business Change Manager is responsible for the implementation of business change and for embedding change into the structure and practice of the Agency. This is a key role. The Agency is aware that a major weakness in past performance has been its inability to translate the outcomes of change projects into established reality within the organisation. The focus for this process is now the role of Business Change Manager. The role is a full-time, senior, appointment in order to achieve the continuity required to manage change successfully. The Business Change Manager has a small, dedicated Business Change Team to manage the 'small' business change programme and co-ordinate all change implementation planning and delivery. The Business Change Manager delivers change implementation working through Business Change Implementation Teams (BCITs). These teams are set up to manage specific changes in the business. Each BCIT will have individual, time-bound objectives relating to the implementation and embedding of a specific change initiative. The organisation and membership of BCITs will vary, depending upon the nature and scope of the change initiative.

To provide continuity, the BCIT contains at least one member of the project team which delivered the business change being implemented. This member will usually be the only full-time member of the BCIT other than the member of the Business Change Team itself. Other members will reflect the nature and scope of the project. BCITs are selected by the Business Change Manager, on the advice of the Director whose department is affected by the change and includes representation of all key stakeholders.

In addition to managing the implementation of all projects, the Business Change Team also manage 'small' business change projects in their entirety.

3.6 Programme Office

The Programme Office provides the executive and administrative support required to manage and report on the Business Change Programme. It is responsible to the Programme Manager.

It also provides support to individual Project Managers in the form of administrative support, configuration management, filing, email management, provision of standard documentation etc.

Communication regarding business change is key to success. The Programme Office has specific responsibility for ensuring communication takes place as required within the programme.

The Programme Office also:

- ensures risks are properly identified and managed across the programme
- operates the change control mechanism
- provides quality assurance.

3.7 Project Management

Projects in Registers of Scotland are organised and managed in accordance with PRINCE2 principles.

The Project Boards are chaired by the Senior Responsible Owner (SRO), the project sponsor from the part of the business which proposed the project. Since the SROs are members of the Business Change Group and the Management Board, the link is made at senior level between individual project and overall business change and strategy. The Project Boards have clearly defined procedures for reporting to the Business Change Group.

The Project Managers have their project responsibility included in their personal responsibility plan. In the main, Project Managers are appointed on a full time basis. Smaller projects may be grouped under one Project Manager. If a part-time Project Manager is appointed, care is taken to ensure they have the time available and it is managed effectively.

It is mandatory for Project Managers to undertake PRINCE2 training before their appointment. The Project Managers share the same office which has proved to be beneficial in terms of mutual support and knowledge transfer.

The project team members are often a mixture of internal staff and external contractors. The Agency has specific guidelines on how to project manage integrated teams.

4.1 The Chief Executive's View

Alan Ramage is Chief Executive and Keeper of the Registers of Scotland. His first reaction when he saw PRINCE2's predecessor, PROMPT, 20 years ago was that it looked paper intensive and he observes that it has been streamlined since then. He is not familiar with the detail of the method - he does not need to be – but he values structure and PRINCE2 meets this requirement.

When using PRINCE2 Alan's advice is to ensure there is tight control without being restrictive and to *'make it work for you - adapt, adapt, adapt'*. From his perspective, he also sees that the approach helps lever the benefit of the knowledge inherent in a relatively stable organisation such as Registers of Scotland.

He is pleased with the way the new organisation structure (focussing on business change and supported by projects) is bedding in but is aware that, because such an approach cuts across traditional hierarchies, it takes a while to become established.

Alan wonders how a large project could be run without a structured approach. In particular, PRINCE2 brings objectivity in putting a team together, ensuring that all vested interested have been considered *'and you don't just pick the people you know'*. Also he observes that an organisation can't go forward in a linear way but needs to progress on a broad front which brings complexity and intricate interdependency which has to be managed and PRINCE2 has the mechanisms for this.

In Alan's view, the Post Implementation Reviews on the problem projects of the mid-nineties demonstrated that the organisation had been only paying lip service to project management and they had to get better. The review produced a variety of strategic and operational recommendations. These include ensuring:

- a clear business case for a project
- effective communication and buy-in from all parts of the business
- project accountability and ownership
- effective Project Boards
- appropriate project management resources
- well defined requirements and project deliverables
- risk management
- effective management of suppliers

PRINCE2 was used in implementing the recommendations. Since then, each quarter, projects are reviewed against the recommendations to ensure lessons learned continue to be applied. Alan observes that *'it seems to be working'*.

4.2 A Senior Responsible Owner's (SRO) View

Brian Corr is the Director of IT and SRO (Senior Responsible Owner) of a major project to secure the right partner organisation for outsourcing IT Services and to establish an effecting working relationship with them. He first came across PRINCE2 20 years ago, as it's predecessor, PROMPT. When asked what he would say about PRINCE2 to an SRO considering about to use the method he said:

A project needs a framework and PRINCE2 does that. In my mind I see two levels, the person responsible for the project and two groups reporting to them - the people responsible for providing the end result of the project and the people using it.

It's very important to pick a good Project Manager and the issue is that, at Board level, most people don't know what a good Project Manager is. You need skills like leadership, persistence, knowing how to get things done plus experience of tough projects and of the business. The danger is that people lose sight of this when talking about the methodology.

Honesty is also important. The attitude 'it'll be alright on the night' is not helpful. Also, especially in public service, there seems to be a perception that it is usually better to deliver badly than to deliver late when in fact it should be the other way round. Although we are helped by the fact that Registers of Scotland operates like a Trading Fund and the budget is not driven by anuality. No-one wants to hear bad news but sometimes it's necessary and the PRINCE2 exception reporting procedure helps. We felt the pain and learned the lessons of not taking this approach in the project failures of the mid-nineties.

The SRO is Chair of the Project Board but also needs to be available to champion the project and support the Project Manager. It's the nature of change that there will be resistance to deal with. There needs to be a realistic understanding at the top of what the project is trying to achieve and the risks involved and PRINCE2 supports this. The SRO doesn't need to know the detail of the method, in fact project management is a black art as far as many senior people are concerned. Accreditation of Project Managers means you can rely on them to understand the detail.

While using PRINCE2 won't guarantee success of project management, it helps and it will show up things which are going wrong - it's worth using it just for this. It's important not to be a slave to the method.

The Support Team is invaluable and very important to the success of the business change programme - if you are setting one up it has to be properly resourced. It means Project Managers can get on with managing their project and we have good project information and clear audit trails. There is also a real benefit in having a central core of the same people who carry project knowledge and help spread good practice.

A final thought is that PRINCE2 helps when working with external consultants. They must sign up to using the method in the contract and it helps define a way of working together'.

4.3 The Business Change Manager's View

Margaret Archer is the Business Change Manager. She sees her role as still developing. Not surprisingly, for a role which cuts across previously autonomous areas which have to get on with business as usual, bridges need to be built and powers of persuasion are essential.

She feels that PRINCE2 helps with this because it focuses discussion on the business case and the *benefits* of a business change project. Because projects are all run using the same method (tailored as required) and use common project filing systems she 'knows what's going on' and is able to ensure projects are working together to deliver overall benefits.

She particularly values the project closure process which puts actions in place to check that the intended benefits of the project are realised and yields valuable lessons learned which are shared via the intranet for the benefit of future projects.

Margaret's first impression of PRINCE2 was that it was bureaucratic and labour intensive. However, she appreciates the *'feeling of confidence that it gives and even though things go wrong on a project you can deal with it'*

To get the most out of PRINCE2 she believes that everyone involved in a project needs to be clear what their role is. The Project Manager needs to be PRINCE2 trained while remembering that PRINCE2 training alone does not make an effective Project Manager. To be fully effective, they also need training/experience in people and general management skills.

In an environment structured to focus on business change Margaret believes that the Programme/ Project Support Office is essential to free up the Project Managers time from project administration to concentrate on driving the project. They also ensure good budget setting and control and change control. *'People are much clearer about what they are doing and are aware we are working within time and cost tolerances.'*

Margaret's final thought on PRINCE2 was *'be pragmatic, it's not the pursuit of perfection'*.

4.4 The Programme Manager's View

Alvin Gardiner is the Programme Manager at Registers of Scotland. He is responsible for the operational management of the programme. This involves the forward planning of programme activities, the co-ordination of projects that make up the programme, the management of interface and overlap issues, the resolution of resource conflicts and the provision of advice to the BCG on resourcing, priorities and performance.

On a day to day basis this means keeping a strategic view while dealing with detail, handling cultural change issues and keeping abreast of a moving feast of complex interdependencies. The fact that the projects within the Business Change Programme are all run in the same way and according to PRINCE2 means that there is an underlying structure in place. He is not *'running around trying to find things'* and *'information for decision making is there when I need it'*.

Because business change projects are acknowledged and managed in a structured way, unlike in many organisations, their impact on the business planning and operations can be evaluated. Towards the end of the calendar year, Alvin gathers forecasts of spend and resource usage from individual Project Managers (last year the total was in the order of 27 man-years) and submits bids to the Business Change Group together with information on where the money/resource needs to come from in the organisation. The Business Change Group is able to decide priorities with contenders present because the Business Directors are part of the Group. Alvin then feeds back figures to individual Directors so they can be incorporated into the annual departmental Business Plans. Also, because Alvin sits on the Corporate Planning Group (see Chart 1) he can ensure the Corporate Plan recognises the Business Change Programme implications and vice versa. As an additional control, all staff have access to the intranet list of current projects so it's easy to see *'if something is going on elsewhere'* and this saves wheel reinvention.

On the subject of the perceived bureaucracy of PRINCE2, Alvin's thoughts are that *'it may feel like an overhead when you first use it especially at the beginning of the first project. However, it's a question of creating an environment to allow the Project Manager:*

- to define what has to be delivered*
- to assess the resources required*
- to progressively monitor the project against what it set out to achieve*

and when you get to the end of the project you can see the value of the set up work you did at the beginning.

PRINCE2 forces this sort of thinking and provides the information necessary'

He appreciates being in the position of being able to manage the *total* cost of the project. From a personal point of view his stance would be *'I'm not going to fail on this project and better to be a bit bureaucratic to achieve this than to allow a project to run out of control and fail to deliver'*.

4.5 Views from the Programme Office

4.5.1 The Programme Support Manager's View

Hazel Maguire is the Programme Support Manager. She works within the Programme Office. She views their role as doing work which is essential for successful Project Management but which can potentially '*bog down*' Project Managers. She thinks PRINCE2 is '*ideal for us*' because it gives their work structure and means they can efficiently support many projects.

In particular, she sees first hand the benefit of being easily able to share project files and find information quickly - people can learn from one another, problems are reduced if people are absent and senior managers have easy access to the information they want.

Hazel considers that an important point in offering support services to projects is to start by asking what the Project Managers want, not assuming or imposing activities. The tone is very much 'how can we help'. Interestingly, having decided how they want to be supported, the Project Managers welcome being 'policed' on their management process.

4.5.2 The Programme Officer's View

Erlend Greig is the Programme Officer. He is specifically responsible for communications within the Programme and training along with the provision of technical expertise previously gained in IT Services. He also acts as a sounding board for Project Managers and can pass on lessons learned from other projects. When he joined the office he had not been involved in projects before but had a good working knowledge of the business of the Agency. He was aware that projects had not always delivered and of the McCartney Report findings which identified key areas in which project delivery could be enhanced.

Against this background when he first saw PRINCE2 he thought the decision to use it was a '*nothing more than common sense*.' and finds it difficult to understand why anyone would want to take other than a structured approach to Project Management. However, he is quite clear that just running projects according to PRINCE2 doesn't in itself guarantee a successful outcome but it is a great help. For Erlend '*the proof of the pudding is in the post project review*' where benefits and time/spend performance is addressed.

In any business change situation effective communication with stakeholders is essential. Erlend uses a variety of routes: one-to-one, presentations, the intranet and ensuring that the Business Change Groups Communication Strategy is reflected in the Project Initiation Document of each project.

4.6 The Project Managers' View of PRINCE2

Heather Robertson and Tim Shepherd are Project Managers. The use of PRINCE2 on Heather's project is described in detail in Part B of this Case Study.

Their views on PRINCE2 include the following:

- *'it's sometimes a pain' but the long term benefit is clear*
- *there's always a reminder of the aim of a project and a baseline to measure progress against*
- *PRINCE2 provides an overall structure on how to plan and run a project*
- *it can feel bureaucratic at project start up when all you want to do is get on with the job*
- *document version control is invaluable, especially when there is a need to look back., our version numbering system makes it clear who has seen/approved a document. It also ensures that everyone is looking at/talking about the same thing.*
- *PRINCE2 clarity on roles helps Project Managers manage people not in their 'line'*
- *the SROs are willing to use PRINCE2 and take their Project Board roles seriously*
- *the 'product' concept means that there is no doubt of what you are there to deliver*
- *it's good to have the Programme Support Office*
 - *to prompt on actions which need to be taken*
 - *to be a safety net because they are experienced*
 - *to take minutes, sort out meeting arrangements etc*
 - *to monitor the use of peoples' time and make a case for resources*
- *it's very scaleable*
- *a common reaction is 'project management is common sense, why write anything down' but you need to demonstrate you are in control and have information available.*

5. Implementing PRINCE2 in Registers of Scotland

The implementation of PRINCE2 in Registers of Scotland started with a strategic review project in 1999. It gained momentum and incorporated elements of Programme Management as the organisation restructured to enable business change as the norm and major projects started to be managed as part of the Business Change Programme.

Frank Manson, the Managing Director defined the structure of the organisation and wrote Best Practice Guidelines which describe 'PRINCE2 for *our* business'. Section 6 contains extracts from the guidance.

Key roles, including Management Board members received PRINCE2 training appropriate to their responsibilities.

Currently there are 6 full time Project Managers drawn from Middle/Senior Management in a variety of departments in the organisation, 1 from Finance, 3 from Operational Departments, one IT and one person who was formerly Frank Manson's Executive Assistant.

As well as supporting project work as described above, the Programme/Project Office supports the roll-out of PRINCE2 through training (some now in-house), advice and the supply of sample project documentation and templates.

The intention is to provide a skill base. Part of this will be enabling Programme Office staff to act as Team Leaders reporting to Project Managers. On any given project, the Senior Responsible Owner chooses the Project Manager. As future projects are initiated, more people will be trained up and gain experience of managing projects with PRINCE2.

There is a recognition that time spent in Project Management is a good career move and that the business benefits from a circulation of people through business operations and project work, in particular with regard to the business case discipline.

6. MD's Guidance on Managing Business Change

Below are extracts from a paper entitled 'Managing Business Change – a Guide to Best Practice' which was written by the Managing Director and is available on the intranet for use by everyone in Registers of Scotland. They are included verbatim because they demonstrate how PRINCE2 is being applied in one organisation in a very practical way. The extracts selected are those which cover common Project Management issues which may be of particular interest to the Case Study reader, namely,

- making sure that all projects have a sound business case throughout
- when is a project not a project but business as usual?
- what is meant by 'large' project and 'small' project?
- what elements of PRINCE2 are essential in our organisation
- ensuring that project spend gets appropriate approvals
- controlling project spend
- preventing 'scope creep'
- ensuring benefits are realised through strong project closure

The fact that these issues are being addressed by people at the top of the organisation gives projects a far greater chance of success than someone trying to address them at operational level and ensures Senior Managers requirements to run the business are met.

1. *The Pre-project Stage*

1.1 *Ideas into Action*

All projects begin with an idea. Someone, somewhere thinks about some aspect of the business and comes up with an idea as to how it might be improved. But not all ideas become projects. Many ideas relate to local issues and conditions and can be developed and implemented locally. They do not require the formality of a project structure.

Where the idea has a wider impact or the potential to change processes or systems across team and unit boundaries, then its development requires a more disciplined approach. It is now a project candidate. The decision as to whether the idea is developed and implemented as a project now rests on three major factors.

- Complexity - the idea involves complex change
- Timescale - the idea will be developed and implemented over a significant period (ie) greater than 3 months
- Cost - the cost to develop and implement is likely to exceed £100,000. These costs should include an estimated internal resource commitment to deliver the change.

The responsibility for reviewing ideas and deciding if they should be considered for project status rests with the Director of the division in which the idea originates. Where the Director decides that a proposed development should be considered as an Agency project they will commission the preparation of a Project Proposal. At this stage the Director should ensure that the idea does not cut across any other initiative currently underway (or under consideration). This proposal will be submitted to the Business Change Group (BCG) who will consider the proposal and make a recommendation to the Management Board.

1.2 *Project Proposal (Mandate)*

The Project Proposal is the first, formal, project document. Strictly speaking it is not a project document as it is prepared before the proposal has achieved project status. Nevertheless for those proposals which go on to become projects, this document should be the first recorded in the project file. Therefore some care should be taken in preparing the document, including the use of version control. There is no mandatory format for Project Proposals. They should however, contain the following minimum information.

- Background Statement - The purpose of the background statement is to put the proposal in context. It should describe the current situation, identify the issue or issues the proposal will address and make reference to any related process or environmental factors relevant to the proposal.
- Description - The description should set out the objective(s) of the proposal, identify the methodology proposed including indicative internal and external resource requirements, indicate timescales and include an initial budget estimate. The proposal should include an Outline Business Case (see 1.4 below). Where appropriate, the description should include reference to any pilot studies carried out. Alternatively it may recommend that pilot work be included as a first phase of the proposal.

The Programme Office will provide guidance in the preparation of the initial documentation.

1.3 Feasibility & Pilot Studies

Project proposals do not always benefit from or require piloting. However in circumstances where the technical or process benefits of change are not completely clear or where competing technologies or processes are involved, pilots can provide valuable additional information. Pilot studies may be commissioned by divisional Directors in order to explore or clarify alternative approaches or ideas. Approval for major pilot work, together with the necessary budget approval must be obtained at Management Board level. In practice the Management Board may agree to delegate this approval to the BCG. Directors however retain the right to sponsor smaller pilot exercise within their divisions, provided they have resources and funding available. Alternatively pilot studies may be recommended by the BCG on receipt of a proposal and before project approval or be included as the first phase of an approved project.

Pilot studies must be planned, managed and executed efficiently under the direction of the initiating Director. In particular the pilot study plan should set out clear objectives/deliverables, establish the resources available, identify the pilot study team and their individual roles and responsibilities, set out the agreed timetable and define clear lines of communication to the sponsoring individual or body. The aims and objectives of the pilot must be clearly understood and should not be extended without the formal approval of the sponsor. Above all the pilot remains a pilot. If at some stage the pilot team or sponsor wishes to develop the pilot into a full project, then they **must** obtain the necessary approvals through the project management process.

1.4 Outline Business Case

Developing a full Business Case is resource intensive and therefore expensive. It is recognised therefore that full Business Cases should not be prepared until after project approval in principle. However in order to inform the approval process, an outline Business Case is mandatory. Appropriate technical, finance or other input should be obtained before the outline Business Case is presented. The outline Business Case should set out as follows:

- the current cost of the system or process which is to be subject to change, including where appropriate an estimate of how that cost is likely to change over
- the relevant timescale
- A cost estimate of the project in sufficient detail to distinguish project costs from costs associated with the ongoing operation of the revised system or process; also some indication about the nature and timing of expenditure. Ongoing costs should be constructed on the basis of total cost of ownership.
- A high-level investment appraisal comparing the current cost with the cost of the new system/process, taking into account capital investment, revenue projections, cost of risk and cost of capital.
- A financial and business impact assessment based upon the investment appraisal.
- An option appraisal (which includes 'do nothing') together with a recommendation.
- The reason(s) for undertaking the project.

It is recognised that some outline Business Cases will be constructed in an environment where 'do nothing' is not a viable option. In such a circumstance the 'do nothing' option can be omitted, subject to a detailed explanation of the circumstances being provided with the Business Case.

1.5 Approval to Proceed

When the project proposal, together with the outline Business Case and the output from the pilot study (if any) have been completed, they are submitted to BCG. The BCG will review the proposal and prepare a covering report and submit it, together with a recommendation, to the Management Board. The Management Board will then consider the proposal together with the BCG's report and approve or disapprove the proposal. In the event that the proposal is disapproved, the BCG, on behalf of the Management Board, will give reasons in writing to the sponsoring Director and his team. In the event that the proposal is approved, the Management Board will authorise a budget for the project based on the figure contained in the outline Business Case.

It is important to note that this approval is for the project to be set up. Final approval for the project to proceed will not be granted until the full Business Case, Risk Log and Project Initiation Document have been prepared and submitted to the BCG.For projects over £500,000....the Management Board gives formal approval to proceed

2.3 *The PRINCE2 Approach*

The Agency has adopted PRINCE2 as its Project Management methodology. While PRINCE2 forms the basis of our approach, its design enables it to cope with very large projects. It is accepted that the approach may be modified to suit the circumstances and the budget of smaller projects. Project Boards will be expected to guide Project Managers with regard to the application of PRINCE2. Project Boards in turn may seek guidance from the Programme Manager and the staff of the Programme Office. Key to the success of the application of the methodology is to ensure that it is applied sensibly but consistently across the projects.

Certain elements of the PRINCE 2 approach are considered mandatory.

- The Project and Programme structure, including the establishment of the roles listed elsewhere in this guide. Roles may be combined but they **may not** be omitted.
- The preparation and regular updating of an adequate Business Case which supports the project
- The compilation and maintenance of a project Risk Log. This document should include the measures taken to control and manage risks and highlight any change in the risk profile of the project.
- The preparation and updating of a detailed Project Plan setting out the deliverables and project timetable. In larger projects, staging and product centred planning may be used to break down projects into manageable sections. The creation and application of a quality assurance plan, which ensures continuous quality control throughout the project life cycle. The adoption of configuration management to achieve a controlled and traceable product evolution through properly authorised specification, design, software, hardware and reports.
- The adoption of a change control procedure to record desired change to, or some failure in, the projects deliverables.

6.2 Project Financial Management

Project expenditure represents a significant proportion of the Agency's annual budget. It is important that this is managed efficiently and effectively and that we can be certain that the Agency receives value for money, both internally and externally. As a general principle, all budgetary authority rests ultimately with ministers in parliament. The Scottish Ministers have delegated responsibility in relation to the Agency to the Keeper & Chief Executive, who exercise this authority through the Management Board. The Management Board therefore must approve all budgets and changes to budgets.

In practice we prepare budgets as part of the annual business planning process and review them on a quarterly basis. The Board then approves budgets and their revision en-bloc. Project expenditure fits into this pattern. It is our intention however to focus more closely upon project expenditure and in future all major project expense will be reported individually to the Board.

6.2.2 Financial Tolerances

All projects require a tolerance range, both operational and financial. Again the tolerance range will vary, dependent upon the size and value of the project. The specific tolerances for each project will be set by the Management Board when budgets are agreed. However as a guide, for projects with values of between £100,000 and £250,000 tolerances might be +20%/-30% For projects of between £250,000 and £1.5 million tolerances might be +15% / -20%. For projects of over £1.5million, tolerances might be +10% / -15%.

6.2.3 Budget Change

Significant change to project budgets should be regarded as important events that merit careful management. 'Budget creep' is a bigger enemy than 'scope creep'. No change to the budget, which exceeds the tolerances, should be contemplated, far less approved, until a full revision of the Business Case has been conducted. The revised Business Case must support the change, both in cost effectiveness and value for money terms. All budget changes outwith tolerance levels must be endorsed by the BCG and approved by the Management Board.

6.2.4 Financial Reporting

Project financial performance will be reported to the Project Board at the intervals agreed, usually monthly. The project board will satisfy itself that these reports present a true and accurate picture of the project's financial status. Where the reports indicate specific issues or trends which might cause the project to exceed its tolerances, the project board will instruct the project team to take appropriate corrective action. Where it becomes clear to the project board that corrective action is ineffective it will ask the project team to prepare an exception report on the financial issues involved. This report should normally be available at the next meeting of the project board. At this meeting the project board must decide how it will manage the situation, either initiating actions to correct the financial position, or reporting the circumstances to the BCG, with recommendations.

7.2 *Change Control*

Effective change control is necessary for two main reasons. Firstly it guards against 'scope creep'. All projects have a natural tendency to get bigger, become more inclusive and address issues not identified at the outset. While some change in scope is permissible and probably desirable, particularly where the outside world has moved on, it must be carefully controlled. If it is not, the project grows in an unmanaged fashion, costs inevitably escalate and unforeseen impacts create unmanaged risks. Secondly any material change to the project should be adequately justified, properly authorised and effectively managed. Change control allows this to happen in an agreed format. This is always important but vital wherever external contractors are involved. The change control regime should be set out in the PID and where appropriate the Contract and strictly adhered to. Change control has both operational and administrative components. Administratively there must be a process for initiating, evaluating and signing off changes. Operationally there must be a process for agreeing and implementing change.

8. *Project Completion*

Moving from a project to live implementation is a critical phase. Accordingly the overall arrangements for the transfer should be agreed at the outset, as part of the project plan. At this stage the membership of the project team is likely to change with some development members dropping out to be replaced by implementation staff from the area or areas affected. At this stage the relationship between the project team and the Business Change Manager/Team becomes of paramount importance. The diversity of projects and circumstances prevents the creation of a common template for the transfer of projects to the live environment. However all will involve the transfer of responsibility from the project board/project team to the Business Change Manager/Team. In practice members of the project team will join the BCT. The transfer should not take place until the project has been formally signed off and accepted. However the Business Change Manager should be involved in the preparation for go-live, which may be well before formal acceptance. In particular the BCM should be involved in planning the live testing regime that should precede any go-live. Exact details of the handover should be agreed between the SRO/Project Manager and the BCM. At this time they should also agree the composition of the BCT for the project.

9. *Post-implementation Review*

All projects will be subject to post-implementation review (PIR). Again the scale and complexity of this activity will be related to the nature of the project. As a guide, smaller projects delivered internally, with clearly limited external involvement, will be reviewed by an internal team. The PIR team being made up of officers unconnected with the project. The PIR team will be appointed by and report to the BCG. For larger projects and all those involving substantial external contractors, the PIR will be conducted by consultants, again appointed by and reporting to the BCG. The outcomes of all PIRs will be reported to the BCG and the Management Board.



PRINCE2 is a Project Management method covering the organisation and management of projects. It is designed to be tailored for use on any type of project.

Although PRINCE was originally developed for the needs of IT projects, the latest version, PRINCE2 which was released in October 1996, is a generic, best practice approach to meet the needs of the whole organisation.

It is widely used in both the public and private sector and is the de-facto standard for Project Management in the UK. PRINCE2 is increasingly being used in several countries outside the UK, including USA, Australia, New Zealand, The Netherlands, France, Italy, Hong Kong, South Africa, Croatia and Poland.

PRINCE2 is in the only public domain method and therefore free to use. It is unique in being an off-the-shelf, practical method, which is well supported by development, and training resources.

PRINCE2 was designed and developed by a group of Project Management specialists under contract to OGC (see below) and over 150 public and private sector organisations were involved in reviewing the quality of the method as it was produced.

PRINCE2 stands for Projects in Controlled Environments i.e. it shows how to set up a controlled environment in which to run a project well.

PRINCE2 is owned by the UK Office of Government Commerce (OGC). More information on PRINCE2 can be obtained by calling the OGC Service Desk on 0845 0004999 or by visiting their website at www.ogc.gov.uk/prince2. PRINCE2 is a registered trademark of OGC.

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8. OGC Observations



Office of Government Commerce

This Case Study highlights many of the current themes that are being worked on within central Government as part of the drive to improving project and programme performance.

Leadership and direction for projects needs to be firmly integrated with the organisation's strategic approach. The Registers of Scotland have implemented the SRO role effectively by appointing members of the Management Board.

The SROs do not need to have detailed knowledge of Project Management methods such as PRINCE2 to be able to fulfil their role. But they do need to be aware of what information is available, when, and what it looks like to be able to ask the right questions and feel 'on top of the situation'. This Case Study reflects Senior Management's feelings of increased openness and more accurate information on project status.

The use of the Support Office to assist projects and programmes is obviously proving invaluable, but the increasingly visible role for Support Offices is the building and sharing of knowledge and best practice, this aspect is also demonstrated here.

It is good to see the development of Project and Programme skills being embraced as part of career development – including the fact that working on projects and programmes is a 'good thing' rather than something to be avoided!

A useful concept for others to consider is the Registers of Scotland's approach to having all the Project Managers living in the same office rather than spread amongst their project teams. This approach could be significant in encouraging peer-to-peer sharing of experiences and dealing with common issues. Building the 'profession' of Project Management is something all organisations should be considering.

Perhaps the most significant point raised by the Registers of Scotland's experience with PRINCE2 is that adopting a project approach to business forces a change in cultural style for traditional, hierarchical organisations. This shift takes time and needs continual and sustained commitment from the top, something that the Registers of Scotland have recognised and addressed.



In partnership with OGC, The APM Group Ltd (APMG) provides PRINCE2 training accreditation and an examination scheme. They maintain a list of Accredited Training Organisation and Registered PRINCE2 Consultants.

Richard Pharro, Managing Director of The APM Group Limited commissioned this Case Study in response to a demand from many organisations seeking help on understanding the relevance of PRINCE2 to their business. Richard comments:

This Case Study provides a detailed insight into how, in practice, Project Management forms a firm foundation for a continually changing business environment. It is particularly explicit on the importance and need for senior management support and involvement in the project delivery process.

The Case Study also highlights the benefit at every level in the organisation of adopting a structured method and reinforces the concept, inherent in PRINCE2, that it should be tailored and adapted for the particular organisations and project needs.

Many organisations seeking to improve the delivery of their projects would benefit from emulating the approach adopted by the Registers of Scotland.

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