

Appendix B

Major, Strategic and other projects

1. Introduction and background

This section applies to all States Bodies as defined in the Public Finances (Jersey) Law 2019 and provides guidance and requirements to be followed for projects, including Major projects, as designated in the Government Plan and strategic projects as defined by the Corporate Portfolio Management Office.

A Major project is defined in the Public Finances (Jersey) Law 2019 as:

- a major capital project (defined as a project which results in the creation of an asset which will be held on the States of Jersey's balance sheet) the duration of which, from start to finish, is planned to be of more than one year with a total estimated cost of more than £5 million; or
- a project that has been designated as a major project in an approved government plan.

The total funding for a Major Project must be approved as part of the Government Plan process before a Major Project can be commenced. Annual cash allocations to reflect the agreed spending profile for the Major Project then need to be agreed as part of the relevant Government Plan.

A Strategic project is defined as a project which satisfies two or more of the following criteria:

- is of significant strategic value, in that it will deliver transformative outcomes for, or mitigate significant risks to the States of Jersey and/or the Island's economy or community
- has a total estimated cost of more than £2 million
- is highly complex to deliver due to operational, technical, stakeholder or other delivery complexities
- carries risks of a community or corporate risk level (as defined by Enterprise Risk Management).

Where projects are grouped together under one head of expenditure departments are expected to follow the required process for each project.

This Section does not apply to the purchase of new/replacement equipment which must follow normal procurement processes.

It is also expected that States Bodies follow the principles and requirements of this section for those projects included in Departmental Business Plans. For the purpose of this section of the Manual, the word 'Project' covers both projects and programmes.

Major and strategic projects represent those projects with the most significant expenditure, strategic alignment, risk and complexity. Other projects, which are not major or strategic are defined as either key or local to a department. These projects tend to be less complex and risky in nature and follow a reduced requirement for governance and control as set out in the Project Delivery Framework (within the Manual's Supporting document – Corporate Portfolio Management Office – Frameworks for Major, Strategic and other projects).

The purpose of this Section is to provide States Bodies with guiding principles and requirements for the control of all projects. These principles and requirements are not

exhaustive but indicate some of the most pertinent points relating to project delivery and signpost to required standards and frameworks which are applicable to all projects.

Any departure from the requirements set out in this section will require the approval of the Treasurer of the States. Deviations from the appropriate Project Delivery Framework ((within the Manual's Supporting document – Corporate Portfolio Management Office – Frameworks for Major, Strategic and other projects) will require an exemption, and the approval of the Head of Corporate Portfolio Management Office and the Chief Operating Officer. (Where the Chief Operating Officer is the Accountable Officer for a project any deviations will need to be approved by the Treasurer of the States and vice versa).

It is recommended that where a project is funded from a States grant to an Arm's Length Body full consideration is given to including appropriate references to this Section of the Manual in the relevant grant agreements.

All projects must be accounted for in accordance with the Jersey Financial Reporting Manual, and the capital cost elements of such projects must follow the requirements of the Capital Accounting Manual.

Users of this section should refer to other sections of the Public Finances Manual that are relevant including:

- financing
- Government Plan and budgeting
- expenditure and procurement
- Our Hospital Project – Risk Allocation.
- funds
- internal audit
- losses and write offs
- acceptance of gifts and hospitality

Additional guidance can be found within the following documents:

- Procurement Best Practice Procedures Toolkit (within Supporting documents)
- Policy on the use of consultants
- Retention of Financial documents
- Corporate Portfolio Management Office – Frameworks for Major, Strategic and other projects

In addition to the common risks identified in the Background and Introduction section of the Manual a number of significant risks relating to this section include:

- the cost of projects is not controlled
- projects are not delivered on time and/or to the required level of quality
- projects are not appropriately selected, authorised and/or managed
- the States' reputation may be compromised as a result of poor procurement practice and weak governance arrangements
- the States do not demonstrate sufficient adherence to International Agreements related to Procurement and expenditure that the States or Government of Jersey is party to or compliance with our anti-corruption practices
- the States do not adhere to the use of ethical supply chain principles
- the competition process and subsequent contract award is not open, fair or transparent or could be at risk of legal challenge

- States or Government of Jersey employees are not protected from unwarranted criticism from not following due process, best practice guidance or adherence to principles
- contract terms and conditions do not provide adequate protection to the States or Government of Jersey
- expenditure is not properly authorised
- purchases are made which do not represent good value for money or leverage the States or Government of Jersey's purchasing power.

2. Principles

1. **Outcome based projects** - All projects should be outcome based and be supported by a business case, in line with Treasury and Exchequer guidance. This should set out tangible deliverables and measurable benefits with a well-considered plan for the realisation of these benefits which considers both funding and other resources required to deliver.
2. **Effective project selection** - The selection process for projects should consider the viability of successful delivery and constraints on such delivery including both internal and external factors.
3. **Clearly defined accountability** - Responsibilities and accountabilities for projects should be appropriately and transparently authorised and recorded with the appropriate segregation of responsibilities. Where both a Sponsoring and Supplying States Body are involved, the relevant responsibilities should be clearly defined and agreed at the outset. It should be clear from the outset who has responsibility for signing contracts including, where appropriate, delegations from the appropriate Minister to cover contract signing.
4. **Realistic and thorough planning** - Time should be invested up-front to develop realistic and suitably thorough plans taking into consideration the need for contingency planning and an awareness of optimism bias in delivery. This should align to levels of planning required at each stage in the business case process.
5. **Project resource and skills planning** - Projects should plan ahead for the diversity of people, skills and experience needed to deliver and build a strong, properly resourced and competent team, evolving as necessary through the project lifecycle.
6. **Regular project reporting** - There should be regular project reporting on performance and Senior Responsible Officers should challenge assumptions made, and the accuracy of data presented to ascertain whether the project still represents value for money against the approved business case.
7. **Project risk management** - The risk and complexity of a project should be reduced where possible, and where this is not possible, plans should be developed which are realistic and responsive to unexpected events. Any variations to budgets should be appropriately and transparently authorised and recorded.
8. **Project dependency management** - Internal and external dependencies should be identified, assessed, and managed throughout the lifecycle of a project.
9. **Subject matter expertise** - Projects should co-ordinate with relevant internal functions to ensure subject matter expertise is sought both in the planning stages and throughout delivery of the project. The Project Governance Framework (within the Manual's Supporting document Corporate Portfolio Management Office – Frameworks for Major, Strategic and other projects) and supporting guidance

provides an overview of such functions and indicative criteria for their level of engagement.

10. **Project commercial management** - Those responsible for delivering projects should build a clear understanding of user needs, the business case and delivery models, consider the whole supply chain (in terms of market appetite, capacity and capability).
11. **Stakeholder Engagement and Communication** - Appropriate stakeholder engagement, consultation and communication should take place throughout the development of a project to ensure that it meets the end users' needs.
12. **Lessons learned** - Lessons learned from other similar projects should be sought at the outset of a project and used to inform the planning and delivery of the project.
13. **Consultation** - If a project has a sponsoring (client) and supplying (delivery) department it is important that the client department is consulted by the delivery department on a regularised basis.

3. Requirements

1. Appointment of a lead minister

To ensure that projects are delivered as efficiently and economically as possible, a lead minister must be assigned for each project which falls within the remit of this section of the Public Finances Manual and before the project enters the first stage gate of the Corporate Portfolio Management Office's processes.

The Chief Minister will be responsible for updating the States Assembly on projects led by a non-Ministerial States Body, where there is no other political lead.

2. Accountability for project delivery

Accountability for project delivery under this Section is assigned to an Accountable Officer by the Principal Accountable Officer, other than within non-Ministerial States bodies, where the Chief Officer of the body in control of the project budget holds accountability for project delivery.

An Accountable Officer is responsible for assigning a Senior Responsible Officer(s) to oversee the successful delivery of a project and its associated outcomes. A Senior Responsible Officer must be assigned to every funded project. The Accountable Officer may decide to act as the Senior Responsible Officer, and if so, this must be confirmed and documented before commencement of the project.

3. Compliance with Delivery Frameworks

All projects must comply with the Project Delivery Framework, Programme Delivery Framework or Capital Delivery Framework (as appropriate) (within the Manual's Supporting document Corporate Portfolio Management Office – Frameworks for Major, Strategic and other projects) except where an exemption has been approved in accordance with these frameworks.

These are stage gated frameworks which include mandatory documentation which must be completed to ensure there are good controls in place and to provide assurance of delivery. The Corporate Portfolio Management Office must sign off projects before they are able to proceed to the next stage.

The Accountable Officer must ensure that the required documentation is signed off by the appropriate officer (which in most cases will be the Senior Responsible Officer) before the project proceeds to the next stage.

Projects which entered the process prior to May 2021 are not required to gain retrospective approval to documentation.

Where a project involves a number of smaller projects which would not in themselves meet the definition of a Major/Strategic project (i.e., Infrastructure Rolling Vote) these will not be expected to fully comply with the Project Delivery Framework.

4. Project governance

An Accountable Officer must put in place, and document, appropriate project governance structures and the Project Governance Framework (within the Manual's Supporting document – Corporate Portfolio Management Office – Frameworks for Major, Strategic and other projects) should be used to guide the definition of such structures. Where a Supplying States Body is required to deliver all or part of a project's deliverables, this body must be formally engaged and consulted as early in the project lifecycle as possible.

5. Project expenditure

All project expenditure must be appropriately authorised, recorded and coded. The use of any contingency amounts, which are included in the main budget for a project, must be approved in line with the Scheme of Delegation and must be expenditure related to the approved project (as approved in the business case).

Any proposed expenditure of contingency for non-approved scope must be met from within the overall budget set for the Project. (Additional processes have been set for the Our Hospital Project - Risk Allocation).

If at any time it appears that the total approved budget, or the annual approved cash allocation for a specific year, for a project may be exceeded, the relevant Accountable Officer, Project Board and lead Minister must be informed at the earliest opportunity and discussion of remedial action must be recorded.

6. Project performance and reporting

Project performance must be reported upon monthly (at a minimum) via the States of Jersey approved project reporting tool.

Where a Major project is made up of a number of smaller initiatives which would not in themselves meet the definition of a project, reporting need only be at the Major project level.

7. Project resourcing

Accountable Officers must ensure that all projects which fall under this Section are appropriately resourced to enable their successful delivery and compliance with the requirements as set out in this section.

Accountable Officer must also ensure that resource requirements, financial and non-financial, for completed projects are identified. These requirements must be reflected in future Government Plans as appropriate.

8. Transparent execution

Projects must be progressed in a transparent manner with regular reports to the States Assembly on progress through inclusion of the appropriate narrative in the Six-Monthly Review and the Annual Report and Accounts (as applicable).

9. Project management

All projects which fall under this Section must include adequate funding to cover all costs associated with the management of the project. Where purchasing is required, the selection of suppliers must follow the requirements of the Expenditure and Procurement section of the Manual. Accountability for the management of suppliers and associated contracts must be agreed and funded for the life of the project.

An Accountable Offer is required to ensure that there is robust system of contract management if any third party is engaged. This will include ensuring that appropriate security is taken (for example in the form of a performance bond or bank guarantee) to protect the States in the event of contractor non-performance.

If there is to be any change in the responsibility for the completed project this must be agreed before project completion.

10. Subject Matter Expertise

An Accountable Officer must consider the need for subject matter expertise (both internal and external) and input from support functions when defining their project governance structure and define a clear plan for the engagement of such expertise at the planning stages of the project. This plan should be periodically reviewed and revised throughout the life of the project. Before engaging external expertise, Accountable Officers must identify and verify the availability of the information necessary to support the work of such external parties and the nature, extent and timing of the engagement.

11. Stakeholder Engagement and Communication

Project plans must establish and implement defined plans for stakeholder communication, consultation and engagement.

12. Internal audit

All project information and documentation requested by the Internal Auditor must be provided in a timely manner with project documentation maintained for inspection and retained in line with document retention periods.

Every Major and Strategic Project will be subject to an internal audit during the life of the project and other projects may be assessed as required. Further information on the role of the Internal Auditor can be found in the section on Internal Audit.

13. Project abandonment

A decision to abandon a project must only be made by the Council of Ministers and full documentation must be prepared to support such a course of action.

Where the decision is taken to abandon a Project, the Project Manager must conduct a review of the Project within 3 months of the date of abandonment and this report must be approved by the Project Board and presented to the Sponsoring States Body, copied to the Treasurer of the States (for all departments) and Principal Accountable Officer (for Government departments).

Where a project is abandoned, the costs incurred to date must be properly accounted for. The relevant Accountable Officer must refer to the losses and write off and special payments sections of the Manual.

14. Insurance

Accountable Officers must ensure that insurance requirements are considered and consulted upon with the insurance team prior to the progression of any project where insurance cover is required. Given the complex nature of Major and Strategic projects, it is recommended that this is undertaken prior to the completion of Stage gate 1 (as per the Project Delivery Framework - within the Manual's Supporting document – Corporate Portfolio Management Office – Frameworks for Major, Strategic and other projects). Accountable Officers must also ensure that any proposed contractor carries sufficient professional indemnity insurance and public liability cover. Insurance cover and indemnity levels must be agreed as part of the tender process and award of contract. Contractors must be appointed in accordance with the States of Jersey's Procurement Best Practice Procedures Toolkit (within Supporting documents).

15. Risk Identification and management

An Accountable Officer must ensure that potential risks are identified and correctly recorded in line with the States of Jersey Risk Management Strategy.

The Corporate Portfolio Management Office must review all project documentation and ensure that project risks are regularly communicated to the relevant Senior and Executive Leadership Teams.

16. Conflict of interest

An Accountable Officer must ensure that there are processes in place to identify and document any actual or potential conflict of interest, any such conflict should be mitigated through steps such as declaration or register, requesting a temporary substitute and resignation, where necessary, depending on the type of conflict identified.

In order to address any perceived conflict of interest where a donation (monetary or otherwise) is given or offered to any employee as a gift the procedures in the Acceptance of gifts and hospitality section of the Manual must be followed.

More information on receiving gifts and hospitality is included in the Code of Practice: Standards in Public Service. Ministers and Assistant Ministers are bound by the Code of Conduct and Practice for Ministers and Assistant Ministers.

17. Scheme of delegation

Accountable Officers must maintain a Scheme of Delegation which includes requirements in relation to projects.

18. States of Jersey Standing Order 168

An Accountable Officer must ensure that the terms of States Standing Order 168 – Land transactions are, where appropriate, met.

19. Project completion

On completion of a project, an assessment must be made against the defined success criteria set out during the project's planning stage; and lessons learned must be communicated both within the States Body and to the Corporate Portfolio Management Office for further communication to the Government of Jersey and the States as a whole.

20. Benefit realisation

There must be a plan for each project which sets out the benefits of the project and which specifies who will own these benefits prior to the closure of the project (as set out in the Corporate Portfolio Management Office framework).

21. Accountability

The Principal Accountable Officer is responsible for the appointment of an Accountable Officer for Projects – the appointment will last for the whole lifetime of the project (unless the Principal Accountable Officer decides otherwise). If the Principal Accountable Officer fails to appoint an Accountable Officer the Principal Accountable Officer remains accountable.

The Accountable Officer is responsible for ensuring that there is sufficient budget available for a project. Any officer responsible for spending funds on a project must liaise with the Accountable Officer to ensure sufficient funding is available.

22. Expenditure and Procurement

Accountable Officers must ensure that the Expenditure and Procurement section of the Public Finances Manual is complied with for all projects.