

Audit Committee, 24 June 2014

186 Kennington Park Road project update and Delivery Environment
Complexity Analytic

Executive summary and recommendations

Introduction and background information

At the Committee's previous meeting on 20 March, it was agreed that the Executive would undertake a detailed analysis of the options for HCPC's office and hearings space. These options include the demolition and rebuilding of 186 Kennington Park Road, but also disposal of part or all of the Kennington properties and relocation, either buying or renting new accommodation.

A full analysis of the costs and benefits of the options will be presented to Council to inform the final decision. The NAO will be consulted on the development of the analysis. In the meantime, the Executive is continuing to seek planning permission for the demolition and rebuilding of 186 KPR, which remains the favoured option, subject to the cost benefit analysis and the Council's final decision. We expect to bring the analysis to Council for their decision at the December meeting.

It was also agreed that the risks of the project would be evaluated using the Delivery Environment Complexity Analytic (DECA) toolkit provided by the NAO. The DECA has been completed and is attached for the Committee to review.

Conclusion

Completing the DECA has been a useful exercise to identify high level risks across the full range of options. We concluded that the project is medium risk overall. We already have a project risk register which will be updated as appropriate.

Decision

The Committee is asked to review and discuss the DECA

Resource implications

None

Financial implications

None

Appendices

DECA for the 186 Kennington Park Road project

Date of paper

16 June 2014

Appendix: Delivery Environment Complexity Analytic for the 186 Kennington Park Road project

The NAO website describes the DECA as follows:

The DECA is a tool developed by the NAO to provide a high level overview of the challenges, complexity and risks to delivery of a project, programme, policy or area of work. It provides a focus for discussion and consolidation of existing knowledge through consideration of the likely impact of 12 factors which are key influencers of success or failure. These can then be shaped to enable the creation of a delivery environment that is more likely to result in a successful outcome.

Users decide whether the potential impact from each factor is high, medium or low to build an overall picture of the delivery environment and its complexity. The completed DECA gives users a better understanding of the challenges the organisation faces in realising its policy aims and/or delivering a project. It does this by considering areas of challenge, drawing out where the potential risks are, their likely consequences and potential opportunities.

It can be used to develop a broad, high-level understanding of an organisation, for assessing the challenges surrounding the implementation of major projects. It is also a useful tool for wider strategic planning and checking whether risk registers appropriately capture and address these factors.

The DECA does not weight the 12 factors or calculate an overall score or risk rating.

In summary, we have rated the factors as follows. Five factors are scored as high risk, three as medium, four as low. We think the overall risk of the project is medium.

Risk factor	Description	Score
1. Strategic importance	The extent to which the project supports delivery of the department's objectives, the level of Ministerial and wider public interest.	Medium
2. Stakeholders / Influencers	The groups or individuals with an interest in the project and the level of influence they have on it.	High
3. Requirements and Benefit articulation	Are the sponsoring body and delivery team clear about their requirements and how these requirements will lead to the objectives being met?	Low
4. Stability of overall context	Will the requirements and environment remain stable for the foreseeable future?	Medium
5. Financial impact and Value for Money	How significant is the project financially to the sponsoring body/supplier and are the expected benefits proportional to the projected costs?	High

Risk factor	Description	Score
6. Execution complexity (including technology)	How complex are the objectives to deliver, due to factors including technology, approach and tight timescales? How difficult is the project to deliver?	Low
7. Interfaces / Relationships	How many different bodies are involved in delivery?	High
8. Range of disciplines and skills	Are specialist skills required for delivery, and are these available within the organisation?	High
9. Dependencies	Is the work critical to the delivery of objectives elsewhere or dependent upon other projects for its own success?	High
10. Extent of change	Does the project/work involve a significant change in the way the organisation conducts its work, or is it business as usual?	Medium
11. Organisational capability: performance to date	Has the organisation demonstrated the capability and capacity to deliver its objectives? Has it learnt lessons from the past?	Low
12. Interconnectedness	How well does the organisation understand the links between the elements in its external environment, the complexity and its own capability?	Low

Factor	Impact statement - Level 1 complexity	1 Low	2 Med	3 High	Impact statement - Level 3 complexity	Comments	Actions
<p>1. Strategic importance The extent to which the project supports delivery of the department's objectives, the level of Ministerial and wider public interest.</p>	<p>Low priority operational level project / programme. Expected benefits are necessary but low in value relative to organisation's/ government's overall ambitions. Externally there is little political, media or public interest and failure would not have significant impact outside the organisation.</p>		X		<p>Critical to delivery of key strategic objectives or legal obligations, with very high expectation of benefits. High level political or public interest with strong media attention. Failure would have major impacts and consequences outside the organisation.</p>	<p>The objective of the project is to secure sufficient office and hearings space for HCPC's current needs. The risk of running out of suitable office space is a high level risk set out in the corporate risk register.</p> <p>There is an increasing lack of space in existing premises for employee meetings and hearings. There is the risk that the existing office space in 186 KPR will be inadequate and fail to meet requirements of Health and Safety legislation in the long term.</p> <p>Since opening the Register to Social Workers in England caseloads have exceeded expectations. To meet corporate SLAs we need additional space to accommodate employees and host hearings. The cost of hosting hearings offsite is expensive (approx. £2,000 per day).</p> <p>Failure to secure suitable accommodation for all employees and HCPC functions would result in overcrowding in existing premises, impact on employee morale and retention, pose the risk of failure to meet statutory requirements, and pose the risk of failure to fulfil statutory obligations as regulator due to lack of suitable space.</p>	<p>Options Analysis to take place setting out cost benefit of various options for proceeding. These include:</p> <ol style="list-style-type: none"> 1) Sell 186 KPR and relocate part of HCPC elsewhere (buying or renting in the new location); 2) Sell all the Kennington properties and relocate the whole of HCPC elsewhere (buying or renting); 3) Proceed with demolition and construction of new purpose built premises at 186 KPR; 4) Full refurbishment of 186 KPR; 5) Partial refurbishment of 186 KPR; 6) Do nothing (continue to use 186 KPR in its current condition). <p>Options would need to be put to Council for approval to proceed. This would need to take place before commencing the initiation of the next project.</p>
<p>2. Stakeholders / Influencers The groups or</p>	<p>Low number of stakeholders or level of influence.</p>			X	<p>Significant number of stakeholders with high levels of influence and</p>	<p>See Stakeholder Analysis.</p>	<p>Ensure robust stakeholder management throughout subsequent project.</p>

Factor	Impact statement - Level 1 complexity	1 Low	2 Med	3 High	Impact statement - Level 3 complexity	Comments	Actions
individuals with an interest in the project and the level of influence they have on it.	Stakeholders are aligned with the business objectives, supporting the project and agreeing on the expected outcomes. Key stakeholders and influencers are unlikely to change.				differing or misaligned objectives/expectations. Stakeholders/influencers may change.		
3. Requirements and Benefit articulation Are the sponsoring body and delivery team clear about their requirements and how these requirements will lead to the objectives being met?	Requirements and expected benefits are clear and linked to business policy. Key performance measurements link to goals, vision and values.	X			Ambiguity around requirements and how the expected benefits contribute to the realisation of the goals, vision and values. High uncertainty on project impact.	<p>HCPC uses robust project management processes based on PRINCE2 project management methodology.</p> <p>A clear project plan highlighting goals and milestones is in place along with risk and issues logs detailing the issues and risk associated with the project, and any mitigation that needs to be put in place.</p> <p>The Options Analysis will set out the various options available to HCPC to meet the requirement to secure suitable premises for employees and HCPC functions. There is a high degree of certainty as to how fulfilling this need will benefit the HCPC.</p> <p>Options (1), (2) and (3) could fully meet the objective of securing sufficient office and hearings space.</p> <p>Options (4) and (5) could meet it to a lesser extent.</p> <p>However:</p> <p>Option (1) to sell 186 KPR and relocate part of HCPC elsewhere may result in a disparate workforce across multiple sites. This may have an adverse effect on</p>	Options Analysis to take place setting out cost benefit of various options for proceeding.

Factor	Impact statement - Level 1 complexity	1 Low	2 Med	3 High	Impact statement - Level 3 complexity	Comments	Actions
						<p>communication and morale.</p> <p>Options (1) and (2) to sell some or all Kennington sites and relocate run the risk that a significant percentage of employees would not wish to relocate, which could result in HCPC failing to fulfil its core functions.</p> <p>Option (4), a full refurbishment could prove costly and disruptive to HCPC's core business without the benefit of a significant net increase in useable floor area. The benefits of this option would be limited.</p> <p>Option (5), a partial refurbishment would be less costly but would still be of some disruption and there will be no net increase in useable floor area. Also, there will be limited growth potential should the headcount increase. The benefits of this option would be limited.</p> <p>Option (6), to do nothing results in no additional office space, so no growth potential should the headcount increase, and current underlying issues with the existing building will still have to be resolved.</p>	
<p>4. Stability of overall context Will the requirements and environment remain stable for the foreseeable future?</p>	<p>Requirements, governance and delivery modes are clear and unlikely to change. No significant risk of change in scope, structure, external requirements or economic / political landscapes. High degree of confidence in</p>		X		<p>High risk of scope, structure, external requirements or economic/political landscapes changing. Low level of certainty within key estimates, planning and/or governance. Uncertainty over whether necessary authorisations will be received.</p>	<p>There is a low risk that a change in the political or economic environment will affect the viability of the project.</p> <p>A robust project management process means low risk of scope creep.</p> <p>The Options Analysis will set out the various options available to HCPC to meet the requirement to secure suitable premises for employees and HCPC functions. There is a high degree of certainty as to how fulfilling this need will benefit the HCPC.</p>	<p>.Options Analysis to take place setting out benefits of various options for proceeding. A change in government is not anticipated to affect the stability of the project.</p>

Factor	Impact statement - Level 1 complexity	1 Low	2 Med	3 High	Impact statement - Level 3 complexity	Comments	Actions
	planning, estimates and/or governance. Necessary approvals/ investment already received or guaranteed.					<p>There is a risk that the project spans several financial years, particularly if option (3) is chosen, and costs are incurred over these years.</p> <p>In options 1 – 5 there is a risk of instability in supplier chain and working with multiple suppliers. In option (3) to demolish and build new purpose-built premises there is a risk of lack of stability in contractors being managed day to day by the architects.</p>	
<p>5. Financial impact and Value for Money How significant is the project financially to the sponsoring body/supplier and are the expected benefits proportional to the projected costs?</p>	Investment is not significant relative to sponsoring body's capital expenditure, or comparable investments. Project/programme not material to key suppliers. Anticipated revenues, efficiencies or returns on investment are not fundamental to the business. High level of assurance over key estimates.			X	Investment is significant for the sponsoring body. Investment expected to deliver significant value for money, efficiencies or returns. Highly involved type/source of investment anticipated. Low level of assurance over key estimates.	<p>The investment is significant (current estimates up to £6m) under all options except (6) (do nothing).</p> <p>Potential impacts and benefits on the workforce and working arrangements are also significant.</p> <p>The costs and benefits of all the options will be estimated leading to a net present value calculation.</p> <p>Delays to the project may have a significant financial impact.</p>	<p>Clarity on funding of project to be obtained.</p> <p>Options Analysis to take place setting out cost benefit of various options for proceeding.</p>
<p>6. Execution complexity (including technology) How complex are the objectives to deliver, due to factors including</p>	No new or untested business practices or technologies form part of the scope. There is front end loading for phased implementation and	X			New/untested business practices or technology is required. Wide scope and challenging objectives with limited scope for risk management such as phased implementation or piloting due to immovable	<p>Options (1) and (2) do not involve new business practices but the organisation does not have past experience of a total change of site. Both of these options are highly complex activities and logistically challenging to achieve without adversely affecting HCPC's ability to carry out core functions.</p> <p>Option (3) is the most complex option and</p>	<p>Options Analysis to take place setting out cost benefit of various options for proceeding.</p> <p>Requirements for option (3) to be factored in to ME consultancy tender.</p>

Factor	Impact statement - Level 1 complexity	1 Low	2 Med	3 High	Impact statement - Level 3 complexity	Comments	Actions
technology, approach and tight timescales? How difficult is the project to deliver?	piloting if required. Organisation or its partners has past experience of all practices, key technologies and methods used.				deadlines and demanding targets.	<p>subsequently the option with the highest risks.</p> <p>ME consultants would be clearly briefed that HCPC will not accept new or untested technology to manage the building.</p> <p>There may be logistical difficulty in finding alternative accommodation for employees currently in new building or in rooms adjacent to the new building which will be affected by demolition and construction.</p> <p>Tight timescales for demolition and construction would be managed through contract (eg penalties for late delivery).</p> <p>Option (4), full refurbishment, is less complex, but could require planning permission and limited construction.</p> <p>Option (5), partial refurbishment, would be less complex and could be undertaken in stages so that it had a limited effect on the ability of HCPC to carry out its core functions.</p>	
7. Interfaces / Relationships How many different bodies are involved in delivery?	Project/programme spans few boundaries (organisational, political, and regional) and success is not dependent on relationships. Governance is not complex and supports decision making and reporting. Success			X	Project/programme spans many boundaries with internal and external partners. Success is dependent on factors mainly outside control of the organisation, and is dependent on relationship management. Governance is complex	<p>Options (1) and (2) depend on suitable premises being located. We would need to work with external stakeholders to achieve these options.</p> <p>Option (3) involves several delivery partners (architects, cost consultant, structural engineers, main contractors etc) who are not necessarily under the direct control of HCPC.</p> <p>In this option there are several interfaces on the project – mechanical engineers working with architects and main contractors. HCPC will need to work effectively with all contractors and design team.</p>	.Options Analysis to take place setting out benefits of various options for proceeding. All options except option 6 would require managing relationships with multiple external partners.

Factor	Impact statement - Level 1 complexity	1 Low	2 Med	3 High	Impact statement - Level 3 complexity	Comments	Actions
	is not dependent on factors outside control of the organisation.					<p>We would need good communication channels with design team and main contractor.</p> <p>There is a good level of clarity on project scope and deliverables with this option. But governance is complex and depends on managing multiple relationships through the architect.</p> <p>Options (4) and (5) involve working with external stakeholders but we would have a great amount of control over the outcome and deliverables of the project.</p>	
<p>8. Range of disciplines and skills Are specialist skills required for delivery, and are these available within the organisation?</p>	<p>Delivery involves few specialist disciplines or skill requirements. Acquiring the skills for implementation is straightforward and readily available in the market.</p>			X	<p>Large number of disciplines and skills and/or potential for strain on the supply chain capacity and capability.</p>	<p>There are no specialist skills in house – in all options any work would be undertaken by external contractors.</p> <p>Options (1) and (2) would involve engaging with external contractors to assist in sale and purchase and relocation.</p> <p>Option (3) would require working with a range of consultants and success is dependent on them.</p> <p>Option (4) would need external expertise to achieve.</p> <p>Option (5) would require limited expertise to achieve.</p> <p>The project will receive dedicated project management support.</p>	<p>.Options Analysis to take place setting out benefits of various options for proceeding. All options except option 6 would require working with multiple external partners.</p>
<p>9. Dependencies Is the work critical to the delivery of objectives elsewhere or dependent upon other projects for its</p>	<p>Project/programme is not critical to delivery of other projects.</p>			X	<p>Project/programme is critical to the delivery of other projects</p>	<p>Whichever option is determined as the best way forward, the project is standalone and not connected to or dependent on other projects within the portfolio.</p> <p>Option (1) would require decanting employees currently in 186 KPR to another location. This would be logistically complex and would affect the ability of</p>	<p>Options Analysis to take place setting out costs & benefits of various options for proceeding. The dependencies will vary considerably depending on the chosen way forward</p>

Factor	Impact statement - Level 1 complexity	1 Low	2 Med	3 High	Impact statement - Level 3 complexity	Comments	Actions
own success?						<p>HCPC to deliver its core functions for a given period of time while the move took place.</p> <p>Option (2) would require decanting all employees to another location. This would be logistically complex and would significant affect the ability of HCPC to deliver its core functions for a given period of time while the move took place. Both option (1) and option (2) pose the risk that employees would not wish to move to a new location, resulting in a potential loss of experienced staff and corporate knowledge, and a need to recruit new employees.</p> <p>Option (3) would require decanting all employees based in 186 KPR to another location for the duration of the demolition and construction, and would also require that hearings and a significant proportion of employees based in 184 KPR would need to be relocated for the duration of the demolition works. This would be logistically complex and would significant affect the ability of HCPC to deliver its core functions for a given period of time while the move took place.</p> <p>Option (4) would require decanting employees based in 186 KPR to another location for the duration of the demolition and construction, and may also require that hearings and a proportion of employees based in 184 KPR would need to be relocated for the duration of the works. While not affecting all HCPC employees, this would be logistically complex and would significant affect the ability of HCPC to deliver its core functions for a given period of time while the move took place.</p> <p>In option (5) the project will have a limited impact as the work could be staggered around the building to cause minimal disruption.</p>	Options analysis will cost the options and enable affordability to be assessed.

Factor	Impact statement - Level 1 complexity	1 Low	2 Med	3 High	Impact statement - Level 3 complexity	Comments	Actions
						The investment is significant (current estimates up to £6m) under all options except (6) (do nothing), and depends on availability of funds.	
10. Extent of change Does the project/work involve a significant change in the way the organisation conducts its work, or is it business as usual?	Business as usual.		X		Large amount of organisational change required to deliver desired outcomes and benefits. Delivery represents a fundamental change to the organisation.	<p>The project does not involve changes to processes or procedures.</p> <p>The project does not require structural (governance) changes.</p> <p>Option (1) would require decanting employees currently in 186 KPR to another location. This would be logistically complex and would affect the ability of HCPC to deliver its core functions for a given period of time while the move took place.</p> <p>Option (2) would require decanting all employees to another location. This would be logistically complex and would significantly affect the ability of HCPC to deliver its core functions for a given period of time while the move took place. Both option (1) and option (2) pose the risk that employees would not wish to move to a new location, resulting in a potential loss of experienced staff and corporate knowledge, and a need to recruit new employees.</p> <p>Option (3) would require decanting all employees based in 186 KPR to another location for the duration of the demolition and construction, and would also require that hearings and a significant proportion of employees based in 184 KPR would need to be relocated for the duration of the demolition works. This would be logistically complex and would significantly affect the ability of HCPC to deliver its core functions for a given period of time while the move took place.</p>	Options Analysis to take place setting out costs & benefits of various options for proceeding. The extent of change involved will vary considerably depending on the chosen way forward.

Factor	Impact statement - Level 1 complexity	1 Low	2 Med	3 High	Impact statement - Level 3 complexity	Comments	Actions
						<p>Option (4) would require decanting employees based in 186 KPR to another location for the duration of the demolition and construction, and may also require that hearings and a proportion of employees based in 184 KPR would need to be relocated for the duration of the works. While not affecting all HCPC employees, this would be logistically complex and would significant affect the ability of HCPC to deliver its core functions for a given period of time while the move took place.</p> <p>In option (5) the project will have a limited impact on continuity as the work could be staggered around the building to cause minimal disruption.</p>	
<p>11. Organisational capability: performance to date Has the organisation demonstrated the capability and capacity to deliver its objectives? Has it learnt lessons from the past?</p>	<p>Demonstrated capability to deliver project/programme through delivery of similar successful projects/programmes. Culture promotes 'intelligent client' attributes.</p>	X			<p>Has not demonstrated key capabilities in delivering major projects/programmes and/or has not delivered under similar arrangements in the past.</p>	<p>Re options (1) and (2) HCPC has experience of negotiating the procurement of new leasehold premises (33 Stannary Street).</p> <p>Other construction projects have taken place in the past at HCPC, but not at the complexity or scale of option (3).</p> <p>Re option (4) HCPC has experience of fully refurbishing premises at 22-26 Stannary Street.</p> <p>Re option (4) HCPC has already engaged in some partial refurbishment of 186 KPR which has been successful and well received.</p> <p>HCPC has a proven track record of working well with a range of consultant, including those already engaged in the project.</p> <p>HCPC has a formal Lessons Learned process and has a healthy culture of learning from success and mistakes.</p>	

Factor	Impact statement - Level 1 complexity	1 Low	2 Med	3 High	Impact statement - Level 3 complexity	Comments	Actions
12. Interconnectedness How well does the organisation understand the links between the elements in its external environment, the complexity and its own capability?	Consideration of the required alignment and relationships between policy, culture, practices, technology, people, processes and procedures. Interrelationships inform decision-making and risk management.	X			Consideration of the required alignment and relationships between policy, culture, practices, technology, people, processes and procedures has not been investigated, captured or communicated.	HCPC takes an holistic approach to project management which takes into account other projects and other organisational goals. HCPC has a mature approach to risk management, including considering risks not just to the project, but to the portfolio and to the organisation as a whole.	