

MAJOR PROJECTS GUIDANCE FOR LOCAL GOVERNMENT

Overview

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About Part A

Part A guides the project team through the process of identifying, validating and scoping a project. In the Major Projects Guidance that process is called the 'strategic assessment' stage.

Key objectives of the strategic assessment

The purpose of the strategic assessment is to enable the project team to determine whether there is a need for the project. By the end of this stage, the project team should be in a position to make a recommendation to:

- abandon the project
- review the project
- undertake a pilot exercise, or
- proceed to detailed business case stage.

This will be documented in a strategic business case. Where the strategic business case recommends proceeding to the detailed business case stage, the project team should develop a report to the Council seeking its approval for the:

- development of a detailed business case for the project (see Part B, *Business case*)
- expenditure of Council funds (within a budget allocation) for the purposes of developing a detailed business case
- appointment of external advisers and consultants for the detailed business case stage (if required)
- delegation of authority to members of the project team where necessary for the purposes of developing the detailed business case.

Key documents in the strategic assessment stage

During the strategic assessment stage, the project team will prepare the following key documents:

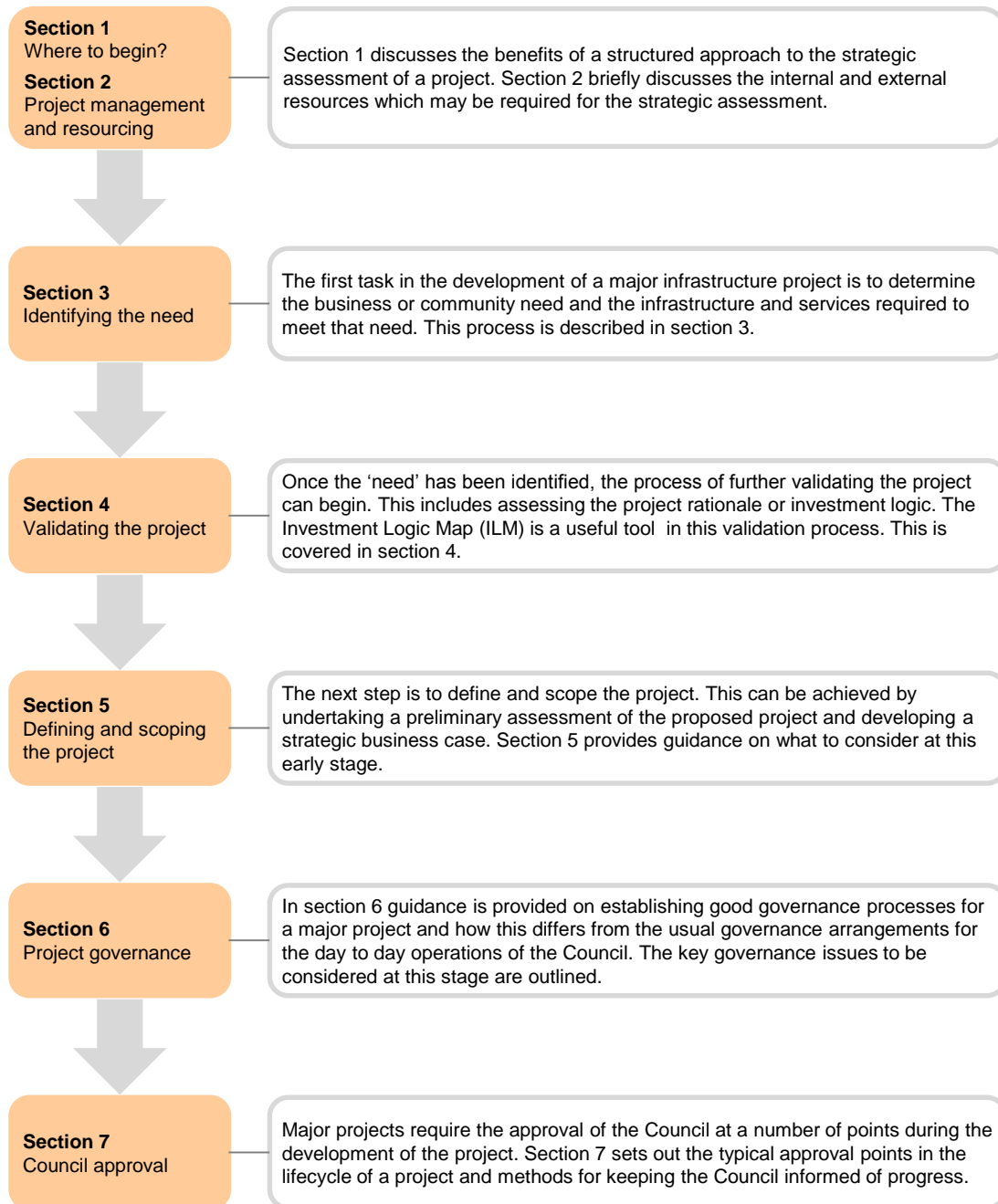
Report to the Council: A report to the Council seeking the Council's formal approval to proceed to the next stage of the project. This report should be supported by the documentation listed below. (See section 7, *Council approval*).

Investment Logic Map or ILM: A 'story board' showing the assessment undertaken by the project team for the purposes of determining whether there is a need for the project. (See section 4, *Validating the project*).

Strategic business case: An outline of the key aspects of the project including project options, preliminary project budget and timeline and an outline of the governance structure and resources required to proceed to the detailed business case stage. (See section 5, *Defining and scoping the project*).

Overview of Part A – Strategic assessment

Figure 1: Overview of Part A – Strategic assessment



1. Where to begin?

1.1 Why undertake a strategic assessment?

A strategic assessment is used to determine whether there is a need for the project and therefore whether the project should proceed to the next stage. The strategic assessment also allows the project team to outline the objectives and scope of the project.

A robust strategic assessment will lay the foundations for the project. From a planning perspective, a clearly established project scope will allow the project team to determine the resources required to support the project. It will also help to support applications for funding by the Council or other levels of government, or applications for external financing (if required).

1.2 Adopting a structured approach

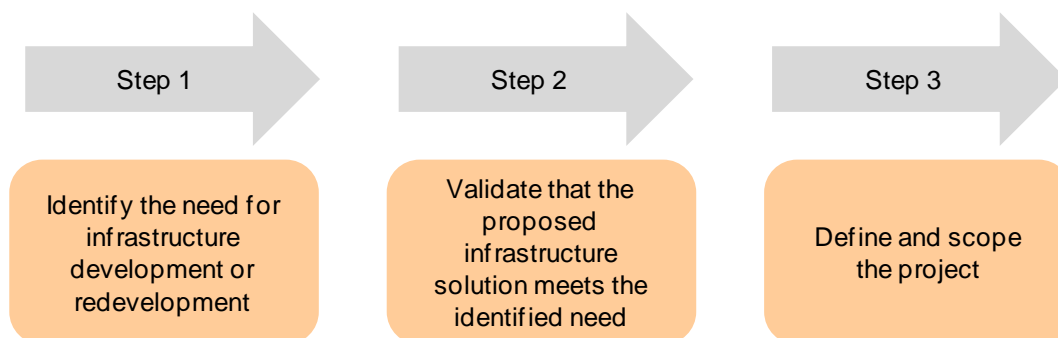
Given the budgetary constraints facing local government, it is important that the Council approaches large infrastructure investment decisions in a structured manner to ensure that budgets are expended efficiently. Projects often fail when the objectives are not clear from the start and the Council does not allocate the necessary resources towards critically analysing the best solution to achieve those objectives.

This Part A seeks to equip the Council with a structured approach to the strategic assessment of a project, while also providing a level of flexibility to accommodate the differing circumstances and conditions in which projects arise. Prudent allocation of time and resources using this framework can ensure the rationale for investing in the project is established well before more significant investment is made in any detailed business case documentation or procurement analysis. This helps to avoid time and money being spent unnecessarily on projects that are ill conceived or unlikely to be supported by key project stakeholders.

1.3 Framework for a strategic assessment

The framework for a good strategic assessment is illustrated in Figure 2.

Figure 2: Framework for a strategic assessment



Only when the Council has undertaken each of these steps is it in a position to determine whether, in principle, a project should be undertaken and resources should be allocated to the next stage of project development.

2. Project management and resourcing

2.1 Establishing the project team

Project management is important at all stages in the development of the project, even as early as the strategic assessment stage. At this stage the project management arrangements will be very basic, and will become more complex as the project proceeds.

A project team should be established at the beginning of the strategic assessment stage. The size of the team and the expertise required will depend on the scale and complexity of the proposed project. A team leader should be appointed, who will ultimately be responsible for driving the strategic assessment of the project and for setting (and meeting) timelines established for this stage. The team leader should also be responsible for managing the project team members and co-ordinating any input from those outside the project team, including external advisers.

2.2 Advisers

While not required all the time, a project can benefit from independent and expert facilitation and advice engaged at the appropriate time. The Council may wish to consider appointing external advisers to assist the project team with the strategic assessment. This will depend on the in-house expertise at the Council and nature of the project. For many projects, a commercial adviser may be all that is needed at the strategic assessment stage.

3. Identifying the need

3.1 What is the 'problem' or 'need'?

Before embarking on a major project the Council should determine whether there is a clearly identifiable problem or need, which the project will address, and if that need is a high priority for the Council. Only then can the Council articulate the potential benefits of addressing the problem and justify investing in the project.

The Council's need for a project may flow from a number of drivers, including:

- **risk management:** a project may be required to mitigate or avoid a safety risk, for example construction of a new vehicle/footbridge or new road
- **demand management:** a project may arise in response to an increase or decrease in the demand for an existing service or asset due to population changes or changing community expectations; for example the construction of a new leisure centre
- **renewal, replacement or rehabilitation:** the need to maintain existing service levels to the community may drive projects particularly where existing ageing assets require renewal, replacement or rehabilitation; for example the replacement of an existing wastewater treatment facility which is coming to the end of its useful life
- **upgrade, expansion or enhancement:** projects may be undertaken to improve utilisation of existing infrastructure to achieve financial benefits; for example a town centre redevelopment or the upgrade of a car park complex with a view to leasing it to the private sector
- **new investment:** projects may be driven by the need to provide new services or assets; for example the construction of new roads, street lighting and street furniture in a new business park.

It is important that sufficient time and appropriate resources are used to properly establish the need for the project. Inadequate evaluation of the needs underpinning a project may result in the delivery of a solution that fails to address the problem. When this occurs, critical resources used in project planning and delivery are wasted.

Merely identifying a need is not in itself sufficient to support proceeding with a project. Councils face a range of competing community service and infrastructure needs which must be prioritised. Once the need for a project has been identified, the project team must determine whether it is a priority for the Council.

The following sections consider in more detail how infrastructure needs may be identified and prioritised. It also considers how community and stakeholder consultation can assist with this process.

3.2 Sources of information

There are many sources of information which can be useful in establishing the need for a project. These sources may be the initial driver for undertaking the strategic assessment of a project or may constitute the supporting information which assists in establishing the need or priority of the project. Table 1 provides an outline of some of the information which may be relevant in this context.

Table 1: Information sources relevant to the business need	
Source	Examples of information
Internally generated/available information	<ul style="list-style-type: none"> ▪ changes in community demographics ▪ asset or service performance reports ▪ statistics (for example road accident statistics, or demand/usage statistics for a particular service) ▪ feedback from community consultation forums ▪ stakeholder feedback and concerns ▪ service user surveys ▪ Council's strategic plan, asset management plan and business plan ▪ Council's risk management plan.
Commissioned studies	<ul style="list-style-type: none"> ▪ market research (for example consumer surveys) ▪ demand, supply and pricing analysis ▪ community satisfaction surveys ▪ previous pre-feasibility/feasibility studies.
Independent analysis	<ul style="list-style-type: none"> ▪ legislative or regulatory changes ▪ census data ▪ developer submissions ▪ industry submissions ▪ State, Territory or Federal Government policy requirements.

Of all of these sources of information arguably the most influential in establishing the needs and priorities of the Council are the Council's planning documents and relevant State, Territory or Federal Government policies or programs affecting the Council or the local area. These are examined in more detail in the following sections.

3.3 Local priorities – Council planning documents

Local government legislation requires each Council to have a strategic plan for its local area. The plans are variously called the Council plan, community strategic plan and long term community plan. Although the names of the plans and required content differ in each State and Territory, the broad objective of the plan is similar: it identifies strategies and priorities of the Council for the medium to long term. In the Major Projects Guidance, these plans are referred to collectively as 'strategic plans'.

Further to the strategic plans, Councils are required to develop resourcing plans to outline how the objectives in the strategic plans will be met. Other more detailed operational, financial and asset management plans are also required. These requirements are summarised in Table 2.

Table 2: Local government strategic plans	
Jurisdiction	Planning framework
New South Wales	New South Wales introduced a new planning and reporting framework as part of the <i>Local Government Amendment (Planning and Reporting) Act 2009</i> . The amendments required three major plans of varying durations: a community strategic plan covering a minimum of 10 years which provides the overall direction of the community in the long-term; a delivery program that provides the specific actions required over the next four years; and an operational plan which is a detailed resourcing and actionable strategy to implement in the short term. These are supported by the resourcing strategy which encompasses a long term financial plan, an asset management plan and a workforce management plan.
Northern Territory	The <i>Local Government Act</i> operating in the Northern Territory came into effect in 2008 and presented the minimum requirements of local governments with regard to financial management and strategy development. The legislation outlines the creation of a regional plan, which is a product of a consultative process among all Councils in a region as set out in the Act. From these regional plans, a municipal or shire plan must be developed which presents a strategic view of the local government area. These are held to be consistent with long term financial plans, regional plans and any other strategic plans in operation in the area. Long term financial plans are required for a four year period and include Councils' major initiatives, projected expenditures and infrastructure maintenance and development schedule. Annual budgets provide overall objectives for the year, as well as expected infrastructure development and expenditure.
Queensland	In 2009 the State Government introduced the <i>Local Government Act 2009</i> as an overhaul of the legislative framework in which local governments operate. Wholesale changes made the local government system of planning and financial management more streamlined. Chapter three of the <i>Local Government (Finance, Plans and Reporting) Regulation 2010</i> outlines details about required documentation regarding budgets, reports, asset registers, planning documents, community engagement policies and other financial management policies. Four major 10 year plans are required, comprising financial and asset management, community and infrastructure provision. The legislation aimed to reduce the prescriptive content of the regulations, instead opting for a more principles based approach to recognise that depth and content requirements may vary significantly across local government areas.

Table 2: Local government strategic plans	
Jurisdiction	Planning framework
South Australia	<p>Reporting requirements are outlined in the <i>Local Government Act 1999</i>, which is supported by <i>Local Government (General) Regulations 1999</i> and <i>Local Government (Financial Management) Regulations 2011</i>. Under these regulations, an annual business plan is required which is fed by longer term strategic management plans. Financial and infrastructure and asset management plans are mandated by legislation and are to be at least ten years in duration. These are in turn supported by shorter, four year strategic management plans.</p> <p>The framework also incorporates development requirements under councils' development plans, created under the <i>Development Act 1993</i> and <i>Development Regulations 2008</i>.</p>
Tasmania	<p>Part 7 of the State's <i>Local Government Act 1993</i> outlines the reporting and planning requirements of local government in Tasmania. A Strategic Plan is required to cover a period of at least five years, as well as an annual plan.</p> <p>In February 2012 the Department of Local Government in Tasmania delivered a Local Government Asset Management Policy. These policy guidelines offered a more comprehensive framework for financial and asset management planning in Tasmanian local government than previously offered.</p>
Victoria	<p>Local government requirements for financial reporting and management are outlined in the <i>Local Government Act 1999</i>. Legislation requires a Council plan, strategic resource plan and annual budget documents to be prepared. While community consultation, medium term and short term plans are required, mandated complementary plans and strategies are technically voluntary.</p> <p>In September 2011 the Victorian Auditor-General's Office published a report on major capital works in local government, which outlined how the Victorian requirements operated in comparison to those of other States.</p>
Western Australia	<p>The State recently introduced the Integrated Planning Framework in 2011 and amended the <i>Local Government (Administration) Regulations 1996</i> as a means to improve local government strategic and financial planning efforts. The Framework sets out minimum requirements including the development of two plans of medium and long term duration.</p> <p>The strategic community plan is required to cover at least 10 years and provide an overarching vision for the community. The corporate business plan comprises actions and systematic delivery of outcomes in line with the strategic community plan, and must be at least four years in length. The annual budget is produced as a set of specific financial requirements and actions to enable local government in the short term.</p>

Strategic, resourcing and asset planning is undertaken to ensure that assets are being managed appropriately to meet ongoing service needs over the medium to long term. Those plans, and the priorities within them, are generally driven by the issues raised by the community or by other information available to the Council regarding a particular need. These plans are a good starting point for identifying service needs and infrastructure gaps, and for prioritising certain needs over others.

Proposed projects which have a strong alignment with the Council's strategic, resourcing or long term asset plans should be prioritised.

Table 3 presents one format that the project team can use to assess the strength of the relationship between a potential project and the Council's strategic priorities, using Melbourne City Council's 1200 Buildings Project as an illustrative example.

Table 3: Example - Melbourne City Council 1200 Buildings Project		
Council's strategic planning objectives	Alignment	Evidence (as measured through project outcomes)
Example: Vision for Melbourne as an eco-city as outlined in the Future Melbourne Community Plan	High	The 1200 Buildings Project will retrofit 1200 of the city's existing buildings potentially eliminating 383,000 tonnes of carbon dioxide currently emitted per annum.
Example: Vision for Melbourne as a creative city as outlined in the Future Melbourne Community Plan	Medium	The 1200 Buildings Project supports and promotes innovative industries and businesses that embody green technologies and sustainable urban management practices.

When considering a new infrastructure project, it is also important to understand the implications of that new project on the long term asset management demands of the Council, and to devise appropriate strategies for procuring maintenance, upgrade and replacement of infrastructure over an asset's life cycle. Maintenance and asset renewal needs should be identified in the context of the Council's long term resourcing or asset management plan.

3.4 Alignment with Federal, State and Territory Government objectives

In some cases it will be appropriate for the strategic assessment of a Council project to take into account Federal and State or Territory Government strategic objectives. This may arise where government funding may be available in connection with a proposed project, or where governments have mandated local government to implement a State, Territory or Federal program or policy objective. In such cases the Council should extend its strategic evaluation to consider the project's alignment with the relevant State, Territory or Federal infrastructure policy or program.

Table 4 presents a selection of strategies and policies at the State, Territory and Federal levels, which may be relevant for consideration by the Council in a strategic assessment.

Table 4: Examples of Federal, State and Northern Territory infrastructure strategy and policy

Jurisdiction	Example strategy/policy	Objective and scope
Commonwealth	<i>Regional and Local Community Infrastructure Program</i> (component of the Nation Building Economic Stimulus Plan) ¹	<p>Allocated funding to assist local government to build and modernise community facilities, including town halls, libraries, community centres, sports grounds and environmental infrastructure.</p> <p>Aimed at strengthening communities during the economic recovery by supporting local jobs and provide long term benefits to communities by renewing and upgrading local infrastructure. The last round of funding closed in 2010.</p>
Queensland	<i>Queensland Infrastructure Plan</i> ²	<p>The State's high level infrastructure plan that sets the strategic platform for planning, prioritisation and sequencing of infrastructure. The last plan covers a 20 year period from 2011 to 2031.</p> <p>The Queensland Infrastructure Plan focuses on eight key themes and a set of infrastructure principles to guide decision making.</p>
New South Wales	<i>State Infrastructure Strategy (December 2012), NSW 2021, Long Term Transport Master Plan, Metropolitan and Regional Growth Plans</i> ³	NSW infrastructure planning and delivery sits within this suite of key strategic plans. The State Infrastructure Plan is updated every year.
Victoria	<i>Melbourne 2030</i> ⁴	Melbourne 2030 – Planning for sustainable growth was released in October 2002 as a 30 year plan to manage urban growth and development across metropolitan Melbourne. Melbourne 2030 forms part of the State Planning Policy Framework. A new outcomes-based metropolitan planning strategy for Melbourne is being developed.
South Australia	<i>South Australia's Strategic Plan (SASP)</i> ⁵	The SASP is the high level plan that outlines the State's priorities, and provides the overarching framework for State planning across a wide range of sectors and issues. The plan was first published in 2004 followed by subsequent editions in 2007 and 2011.

¹ www.regional.gov.au/local/cip/index.aspx

² www.dsdip.qld.gov.au/

³ www.infrastructure.nsw.gov.au/state-infrastructure-strategy.aspx and www.nsw.gov.au/initiative/state-infrastructure-strategy

⁴ www.dpcc.vic.gov.au/planning/plansandpolicies/planningformelbourne/planninghistory/melbourne-2030-planning-for-sustainable-growth

⁵ www.saplan.org.au/

Table 4: Examples of Federal, State and Northern Territory infrastructure strategy and policy

Jurisdiction	Example strategy/policy	Objective and scope
Tasmania	<i>Tasmanian Infrastructure Strategy</i> ⁶	The Tasmanian Infrastructure Strategy outlines the State's high level strategic objectives. The Strategy is an online document that sets an agenda for infrastructure planning over a 10 year period. The Strategy is stated as being complementary to the Tasmanian Innovation Strategy and the Tasmanian Skills Strategy to support the achievement of long term economic outcomes. The Strategy outlines the State's objectives within four fixed infrastructure sectors which are transport, water, energy and digital.
Western Australia	<i>Pilbara Planning and Infrastructure Framework</i> ⁷	The Pilbara Planning and Infrastructure Framework sets out the strategic direction for the future physical development of the Pilbara region over the next 25 years. The Framework considers the scale and distribution of future population growth and housing development, as well as identifying strategies for economic growth, environmental issues, transport, infrastructure, water resources, tourism and the emerging impacts of climate change. Further, it sets out regional planning principles, together with goals, objectives and actions to achieve these. The Framework focuses on three main infrastructure areas which are utilities, community and transport.

Inclusion of this information will help to articulate the business case for Federal, State or Territory Government funding (where available) or consent (where required). This level of assessment will also help the Council to distinguish between projects that play a strategic, multi-jurisdictional role and projects that serve a purely localised purpose. That information may influence the prioritisation and classification of projects within the Council's portfolio of investments.

For major projects requiring consent or funding from other levels of government, it is recommended that the Council presents a synopsis of how the specific project aligns with the respective Federal, State or Territory policies. The format used in Table 3 may be a useful way of presenting this information.

3.5 Gap analysis

In order to demonstrate that there is a need for the project, the project team will be required to clearly identify the 'gap' in the current operations of the Council – that is the difference between where Council would like to be and where it is now.

⁶ www.infrastructure.tas.gov.au/__data/assets/pdf_file/0003/48225/State_Infrastructure_Strategy_2010_Part1.pdf

⁷ www.planning.wa.gov.au/publications/6661.asp

The analysis should take into account existing demand levels and likely changes in the demand for services or asset condition in the future, including an assessment of the following issues:

- the consequences of continuing with the existing arrangements in the short and medium to longer term
- specific risks/deficiencies presented by the existing arrangements (including technical, reputation, political and financial) as well as the effects on the stakeholder/customer experience
- confirmation of the continued need for business operations, with supporting evidence
- a summary of user requirements, clearly distinguishing between current and future requirements
- identification of the risk that will be obviated by the project or what improvements the project will make.

This analysis will also assist the project team to identify the potential infrastructure solution and objectives for the project.

3.6 Stakeholders

The Major Projects Guidance assumes that the Council has established processes and tools for engaging with the community to inform the preparation of strategic plans and other Council plans. The focus of the Major Projects Guidance is on the issues and requirements as perceived by key project stakeholders rather than on the tools and practices for the Councils' community engagement.

It is important for the project team to obtain preliminary support from the key stakeholders, particularly for major projects that will impact diverse sections of the community or which involve the delivery of bundled services through regional collaboration. Preliminary support should be sought from key stakeholders early to avoid projects being derailed or abandoned due to the revelation of stakeholder objections or issues after substantial resources have already been spent on developing the project.

For large, complex projects or projects likely to involve significant stakeholder issues, the project team may wish to outline a stakeholder communication plan.

Identifying stakeholders

Stakeholders are individuals or groups who have an active interest or investment in the project. Stakeholders may include:

- businesses, employees and industry stakeholders
- local residents (in one or a number of municipalities)
- neighbouring Councils
- Federal Government departments or agencies
- State or Territory Government departments or agencies
- special interest groups
- Indigenous communities
- Council staff.

The project team should identify the stakeholder groups for the project and undertake preliminary consultations with representatives of the key stakeholders.

Timing of stakeholder consultations

The specific timing for commencing preliminary consultations with key stakeholders depends on the project at hand.

The Council may determine that a particular project requires upfront consultations with certain stakeholder groups (particularly where it is clear from the outset that there are concerns to be resolved) prior to any formalisation of the project's objectives and scope.

Alternatively, the initial discussions may commence following the preparation of the strategic business case, which can help to provide greater clarity in project consultations. (For further detail on the strategic business case see section 5, *Defining and scoping the project*).

Identifying stakeholder issues

During the stakeholder engagement process, the Council should seek to identify:

- the potential impacts of the project (both negative and positive) on the different stakeholders
- the level of support or influence which stakeholders have on the project
- how input from stakeholders may be captured throughout the development of the project.

The design of the stakeholder engagement strategy is discussed further in Part B, *Business case*.

Regional collaboration

At this stage of the process the Council may wish to consider if the need that has been identified is likely to be a common need for neighbouring Councils. If so, the stakeholder engagement process may include consultations with neighbouring Councils to:

- establish whether there are shared needs or synergies with initiatives of those Councils. Regional collaboration depends on the co-operation of like-minded Councils in the same geographical area
- explore whether there may be benefits to the Council in undertaking the proposed project on a regional basis; for example to increase the bargaining power or buying power of the Council, or to take advantage of economies of scale or share resources
- determine whether there is sufficient interest from neighbouring Councils in undertaking a joint project and broadly on what basis.

If an opportunity for regional collaboration is identified at this early stage, then interested Councils can combine resources to validate, define and scope the project, making joint planning in the next stage easier than it would otherwise be.

While regional collaboration can deliver significant benefits to participating Councils, the project team will need to factor in the additional time that will be required during the planning stages to allow for the collaborative process and regulatory approvals.

Two case studies in local government regional collaboration are included in Annexure 5, *Case studies*: the St George Region of Councils Joint Waste Service Project and the Community Chef Kitchen Project.

4. Validating the project

4.1 Investment logic

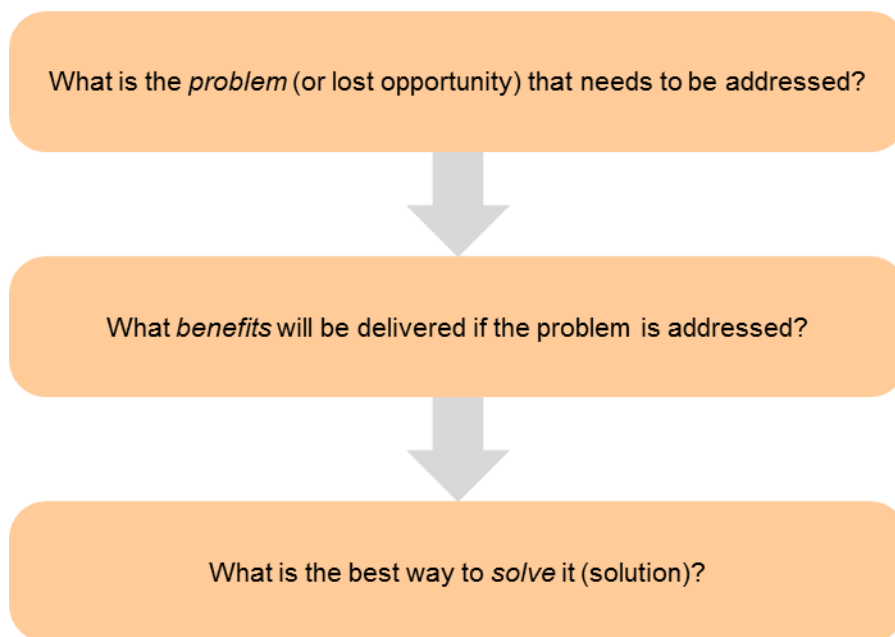
This section sets out a methodology for identifying and defining the Council's needs for a major infrastructure project. It is based on guidance issued by the Victorian Government. Although it has been developed as best practice guidance for major State sponsored projects in Victoria, the framework is quick, inexpensive and equally useful for local government in all States and Territories in supporting the strategic assessment of a major project.⁸

It is important that the Council uses a transparent method to validate whether there is a need for an infrastructure investment and if so, what kind of investment should be made. That process should also be well documented. The Investment Logic Map process or ILM is a useful tool for establishing whether there is a clear need for a particular project and validating whether an infrastructure solution is required to address that need.

The ILM involves a facilitated two hour discussion among a select group of informed project stakeholders of the logic that underpins an investment proposal.

The ILM focuses on three basic questions, illustrated in Figure 3.

Figure 3: Key questions of the ILM



⁸ The Major Projects Guidance acknowledges existing State, Territory or Federal guidance to the extent it provides relevant best practice tools or processes which may facilitate a Council project. However, it is not the intention of the Major Projects Guidance to reproduce existing materials without due regard to specific challenges facing local government.

4.2 ILM participants

Facilitator

The ILM tool is only as good as the skill of the facilitator. The role of the facilitator is to challenge any or all aspects of the potential investment and to ultimately extract a strong, clear description of the project need and the best alternative to address that need. The services of an independent and accredited facilitator can contribute positively to the foundation strength of an investment.⁹

Project sponsor

The other key participant in the process is the nominated project sponsor. The nominated project sponsor is the 'owner' of the project within the Council. That person may be the Chief Executive Officer or General Manager of the Council, or an alternative senior officer. This is the person who will be making or advocating the investment decision and who will ultimately be responsible for delivering the benefits.

Other participants

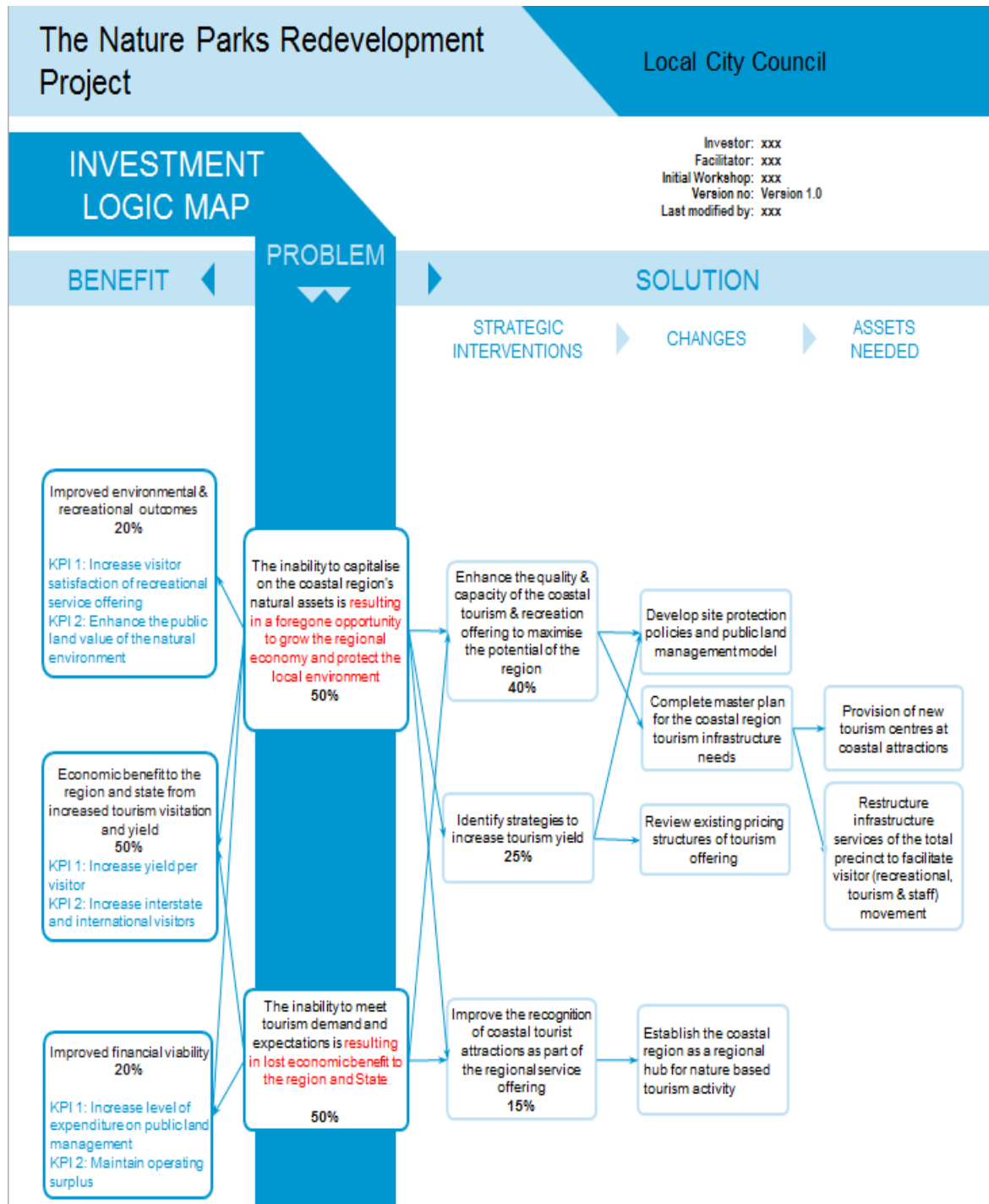
Other selected participants may be drawn from senior Council staff with informed knowledge of the problem, solutions or benefits, and other stakeholders who will be critical to the success of the investment, such as representatives of industry or other levels of government to which the project is aligned.

4.3 Documenting the ILM process

At the end of the ILM discussion, the responses agreed between the stakeholders are documented in the ILM. The ILM is a single page depiction of the 'agreed investment story' which provides the core focus for the investment. An example of the ILM is provided in Figure 4.

⁹ See State Government of Victoria, Department of Treasury and Finance, *Accredited Facilitator Profiles*, www.dtf.vic.gov.au/CA25713E0002EF43/pages/investment-management-investment-management-support-engage-an-accredited-facilitator, a list of accredited ILM facilitators can be obtained.

Figure 4: Example ILM



4.4 ILM outcomes

Major projects which are supported through the ILM process can be further developed for approval by the Council (as discussed in section 7, *Council approval*). Where an ILM process results in the stakeholders being unable to clearly articulate the problem and how an infrastructure asset will

address that problem, the Council should consider whether it would be prudent for any further resources to be expended on developing a strategic business case or other project planning.

In a properly facilitated setting, the strategic value of the ILM is in focusing investment solutions around the identified need, rather than the reverse scenario of building a need around some pre-determined solution.¹⁰

This process of testing the logic of investing in a particular project will help the Council focus resources where they are most needed to maximise the value of the investment. The ILM also becomes a useful communication tool for discussions with the Council and any external project financiers. The ILM should form part of the supporting documentation to the strategic business case for the project.

4.5 Investment Concept Brief and Benefit Management Plan

The ILM depicts the investment logic that underpins a major project. For projects likely to involve very large capital costs it may also be useful to develop an Investment Concept Brief (ICB) and Benefits Management Plan (BMP) as part of the strategic assessment.

These documents (along with the ILM) succinctly define the logic, conceptual elements and key benefits of a proposed project.

Benefits Management Plan

The BMP specifies how the delivery of the expected benefits will be measured and who will be responsible for measuring and realising each benefit. This provides the basis for assessing the potential merit of an investment and ultimately, for evaluating whether the expected benefits are delivered. It also defines the basis on which benefits are measured and reported.

For each Key Performance Indicator (KPI) defined in the ILM, the following additional information is outlined in the BMP:

- KPI measure
- baseline measure and target measure of the KPI
- source of data
- forum for reporting, frequency, start date and end date for reporting
- responsibility.

Investment Concept Brief

The ICB is a two page document that depicts the logic underpinning an investment and identifies the likely costs, risks, dependencies and deliverables of the proposed solution. It is used to summarise the merits of an investment and so allow decision makers to prioritise competing investments before proceeding to a detailed business case.

¹⁰ Per the Victorian Government's guidance, a strict time limit is applied to the ILM discussions on the principle that if participants fail to articulate the problem in two hours in a properly facilitated environment, then the compelling need for an investment should be questioned.

The key elements of the ICB (defined on two pages) are:

- context briefing – outlines the compelling reason that an investment should be considered
- benefits – specifies the key project benefits
- disadvantages – defines the negative impacts associated with the proposed initiatives
- key risks – sets out criticality and likelihood of the key risks materialising
- critical dependencies for the project to proceed
- timeframe for delivery
- project costs (capital)
- alignment with key strategies and policies.

The ICB and BMP should be developed in consultation with the Council's commercial advisers. Further details of the recommended practices in relation to the ILM, ICB and the BMP may be obtained from the Victorian Department of Treasury and Finance website.¹¹

5. Defining and scoping the project

5.1 Strategic business case

Following the establishment of the investment logic, the focus of the project team should turn to translating the identified service need and potential solution into defined objectives and a scope for the proposed project. This process should involve:

- documenting the prioritised objectives, critical success factors and KPIs of the project
- outlining the service requirements (for example asset renewal program or new capital investment) and project outcomes
- defining high level project options which may include, for instance, scoping/scaling options, staging options, site options and options for regional collaboration
- identifying relevant stakeholder groups with an interest in, or who are affected by, the project and the proposed strategies for managing stakeholder issues
- highlighting preliminary risks to support the assessment of the level of project risk and appropriate risk management framework
- documenting the expected resource and budget implications (if known) associated with the project and the anticipated timeframe for project development, approval and delivery
- identifying available funding sources for the project and for project development requirements.

The format for capturing these project considerations should be a strategic business case report. This is discussed further in section 5.2, *Structure of a strategic business case report*.

¹¹ Department of Treasury and Finance, *Investment Management*, www.treasury.vic.gov.au/CA25713E0002EF43/pages/investment-management-home

5.2 Structure of a strategic business case report

A strategic business case report is a scoping and planning document. In essence, it is the foundation document for the project and forms the basis for the detailed business case, should the project proceed to the next stage.

Table 5 provides a general structure for a strategic business case report as well as a list of reference material, which may be useful in preparing each section.

Table 5: Key elements of the strategic business case		
Section	Content	Tools and references
Executive summary	Summary of the key findings of the strategic business case and the recommended course of action (see section 5.10, <i>Outcomes of the strategic business case</i>).	
Project/service need	<p>Description of the 'need' for the project, including the strategic and policy fit.</p> <p>Discussion of the project drivers or problems being addressed, including the relative urgency or priority of these problems.</p>	<ul style="list-style-type: none"> ▪ the Council's strategic plan and other Council plans ▪ ILM (and ICB and BMP if undertaken) ▪ see also the sources referred to in Table 1: <i>Information sources relevant to the business need</i>.
Project goals and objectives	<p>Description of the project goals.</p> <p>Description of the project objectives, the critical success factors and performance measures or KPIs against which the project will be assessed.</p>	
Project outcomes and benefits	<p>Description of the project outcomes and anticipated benefits, when these will be realised and how the project will contribute to the Council's business or policy outcomes.</p> <p>Outline of any interdependencies with other projects or programs of the Council and/or stakeholders.</p>	<ul style="list-style-type: none"> ▪ ILM ▪ the Council's strategic plan or other Council plan (including the corporate plan, resourcing strategy or resourcing plan, or asset management plan) ▪ relevant State, Territory and/or Federal Government policies ▪ relevant benefit indicators.

Table 5: Key elements of the strategic business case

Section	Content	Tools and references
Scope and high level options	<p>Qualitative description of the high level solution and the boundaries of the project as far as it is known (which may be in physical or geographic terms and include what is in or out of scope).</p> <p>Descriptive outline of project options which may include discussion of distinct features and differential impacts of the options, and comparison of the relative scale and financial impacts (if known) of the different options.</p>	<ul style="list-style-type: none"> ▪ pre-feasibility study work ▪ relevant research materials ▪ precedent projects and costings.
Stakeholders	<p>Outline of the key stakeholder groups and their issues, and how these issues will be addressed under the project.</p> <p>Where possible, identify the level of stakeholder support for the project.</p> <p>High level assessment of the prospects of working jointly with the private sector or neighbouring councils, and the likely attractiveness of the project to these parties (see section 5.7, <i>Regional collaboration</i>).</p>	<ul style="list-style-type: none"> ▪ statements from preliminary stakeholder consultations ▪ stakeholder communication plan (if developed) ▪ MOU with neighbouring Councils (if developed) or other documents arising from consultation with other Councils.
Assumptions	<p>Listing of major assumptions adopted in the establishing project scope, and any constraints impacting on the project. Where possible, consideration of the strength of assumptions (which will be further tested in the next stage).</p>	<ul style="list-style-type: none"> ▪ relevant research materials ▪ precedent projects.
Risks	<p>Outline of the main project risks, the strategy for managing risks and the expected risk level of the project (high level only).</p>	<ul style="list-style-type: none"> ▪ stakeholder issues ▪ Council's risk rating.
Resources – resource plan	<p>Outline of the internal and external resources and specialist skills required for detailed business case development, which may cover legal, commercial, financial, economic, social policy, environmental, infrastructure, engineering, planning and project management considerations.</p> <p>Indication of the resource readiness to progress the project in the next stage. This section will form the basis of the project resource plan to be developed at the detailed business case stages and will assist in determining the budget allocation requested by the project team to develop the detailed business case (see section 6.5, <i>Resource plan</i>).</p>	<ul style="list-style-type: none"> ▪ Council's resourcing strategy or resourcing plan ▪ Council's operational plan.

Table 5: Key elements of the strategic business case

Section	Content	Tools and references
Funding and cost estimates	<p>Preliminary project budget analysis – high level indication of project capital and recurrent investments required (if known), the available funding sources¹² and budgetary impacts.</p> <p>Planning budget – outline of the interim funding requirements to progress with detailed project assessment and detailed business case development in line with the resources and expertise required.</p>	<ul style="list-style-type: none"> ▪ Council's resourcing strategy or resourcing plan. ▪ Council's budgets ▪ Council's operational plan.
Planning	Specification of critical path, project staging and timelines, progress reporting and approval milestones, and evaluation of the achievability of the overall project objectives.	<ul style="list-style-type: none"> ▪ key regulatory approvals.
Governance	Governance plan – description of the proposed governance regime for the project as it progresses forward to the detailed business case stage, including specific roles and accountabilities (see section 6, <i>Project governance</i>).	<ul style="list-style-type: none"> ▪ existing governance arrangements ▪ existing delegations.

All information used by the Council in the process of undertaking the strategic assessment and developing the strategic business case should be clearly referenced within the strategic business case. It should also include a summary of the process undertaken to collate and validate the information.

Although the key tasks for the strategic assessment stage apply equally to large, complex infrastructure projects and medium scale projects, the level of detail may differ. The appropriate depth of analysis for the project is ultimately for the project team to decide, having regard to the project scale and complexity. For a medium scale project, the scope of the strategic business case can be less comprehensive. Council is only likely to undertake an ICB or BMP for very large projects. The following sections provide further guidance on some of the key elements of the strategic business case.

5.3 Project goals

Project goals are high level statements that provide the overall context the project is trying to achieve. Project goals ideally align with the Council's strategic plans and are generally non-measurable. Quite often in local government, the project goals will focus on delivering a public benefit to the local community, for example:

- to encourage private sector investment in the central business district
- to provide adequate tourism infrastructure and facilities to meet future demand for tourism in the city centre.

¹² For a summary of funding and financing options, see Part B3, *Funding and financing*.

5.4 Project objectives and critical success factors

The strategic business case should present the project objectives. Project objectives are statements that describe the specific, tangible deliverables that the project will deliver such as a service and/or an asset). Project objectives should be developed in accordance with the Council's goals for the project.

The projects objectives should be:

- relevant to the Council's identified need
- concrete and specific
- measurable
- realistically achievable within the constraints and the resources available
- time bound.

For each main project objective, the strategic business case should identify the critical success factors, and the approach to measuring or qualifying the factors to enable the tracking of the project's success – the KPIs. For example, critical success factors may relate to the timeframes for, and quality of, a service, stakeholder support, community satisfaction, access, supply side capacity and capability. At the strategic assessment stage the critical success factors and KPIs should be relatively high level. They will be further developed as part of the detailed business case.

5.5 Project benefits

Project benefits represent the value that the investment will provide to the Council or the community.

Benefits are normally a positive consequence of responding to the identified need. It is suggested that the Council source the benefits from the ILM and describe them in greater detail.

In addition to financial benefits to the Council, such as operational cost savings or avoided costs, benefits can be non-financial in nature; for example:

- growth the local and regional economy (an economic benefit)
- improvement in the safety of the community (a social benefit)
- reduction in carbon emissions by local industry (an environmental benefit).

At the strategic business case stage, the high level benefits associated with achieving the project objectives should be presented to indicate the expected outcomes to be achieved by the project. More detailed analysis of the extent to which the benefits will be achieved (and whether the benefits exceed project costs) is undertaken as part of the detailed business case, looking at the financial, economic, environment and social impacts of the project.

5.6 Project options and scope considerations

The strategic business case should define the high level project options. This may include options regarding:

- the scope or scale of the project
- whether the project could or should be delivered in stages

- site options
- bundling of services
- regional collaboration
- partnerships with the private sector.

In identifying the expected scope of the project, consideration may be given to the proposed service or infrastructure capacity, quality of service or output and/or location factors.

At the strategic assessment stage it is essential that the Council avoid focusing solely on the methods for delivering the project, such as whether to bundle asset development and services or to proceed with a specific procurement strategy. While those considerations are important at an early stage to provide a sense of the scale or complexity of the project and to help clarify project planning requirements, the most important part of a strategic business case is to clearly and convincingly identify the service need – that is, the reason for undertaking the project at all.

There are merits in establishing a preliminary view of the likely issues to be faced by the project. This will guide the development of options for the project and assist the analysis to be undertaken during the detailed business case stage (as discussed in Part B, *Business case*). Relevant considerations at the strategic assessment stage include:

- coverage of both demand-side and supply-side strategy responses and whether identified solutions are broadly feasible (subject to more analysis)
- whether the project involves new, renewal or expansionary asset investments, and/or associated asset management services
- the extent of commercial or revenue-generating aspects versus community services to be delivered
- location considerations (for example greenfield or brownfield) and any critical dependencies on the existing services or assets
- criteria for evaluating alternative options (including financial, economic, social and environmental factors).

For a majority of projects, a full feasibility analysis (involving, for example, detailed costing and cost-benefit analysis) will not be warranted at this stage of project planning. This may be undertaken in the next stage to support the development of the detailed business case should the project proceed beyond the strategic assessment stage.

5.7 Regional collaboration

If the Council has identified that the project may be better undertaken in collaboration with neighbouring Councils, the potential synergies or shared opportunities should be clearly documented in the strategic business case. This will ensure resources are committed to qualifying the opportunities during the next stage of the project.

At the strategic assessment stage the key considerations regarding potential regional collaboration on a project include the following:

Identification of the scope of collaboration: For instance, will the collaboration be limited to project planning and tendering processes or will it extend to include group contracting and project management? In the St George Region of Councils Joint Waste Service Project (in Annexure 5, *Case studies*) the participating Councils collaborated with respect to the project development and tendering stages to enhance their bargaining position, but entered into separate services contracts with the service provider.

Ensure that participating Councils have common objectives and expectations: This is key to underpinning the collaborative process. If the project proceeds to detailed business case development, the execution of a memorandum of understanding at the start of that process can be key to ensuring that there are universal goals amongst the participating Councils, and that the participating Councils are bound to an agreed project scope. All participating Councils should be involved in planning activities for the project.

Resourcing: Regional collaboration projects are often very complex, particularly from a project management perspective. The logistics of undertaking the project and the resources required to facilitate the process need to be considered.

Allow for adequate lead time: Due to the fact that regional collaboration involves the amalgamation of a number of smaller projects, and the co-operation of several Councils and stakeholders, regional collaboration requires extensive pre-planning and consultation.

Project planning costs: It is necessary to consider project funding from the outset. It may be beneficial for project costs to be shared amongst participating Councils, depending on population size or capacity to pay. The approach to project planning costs should be agreed and documented during the strategic assessment stage.

ACCC approval processes: It should be noted that the collaboration of regional Councils to deliver projects would often require approval from the Australian Competition and Consumer Commission (ACCC). The participating Councils will need to satisfy the ACCC that collaboration will bring about public benefits. This will need to be explored further at a later stage of project planning and development.¹³

See also the Community Chef Kitchen Project (in Annexure 5, *Case studies*) for another example of successful regional collaboration by a large number of Victorian Councils.

5.8 Cost estimates

While not strictly necessary, for some projects it may be useful for the strategic business case to include a section on the indicative financial implications of the project. Table 6 presents broad guidance relating to the consideration of project costs across different stages of the project. It is acknowledged that there are other 'rules of thumb' around cost accuracy, which may also be appropriate to assist with project cost evaluation.

Table 6: Order of accuracy of cost estimates			
Project evaluation stage	Estimate type	Stage performed	Anticipated range of accuracy
Strategic assessment (Part A)	Order of magnitude estimates	Indicative costs only to support project scoping	-40% to +60%
Business case (Part B)	Concept estimates	Stage A concept and options development	-30% to +50%
	Developed concept estimate	Stage B option feasibility, development and evaluation, risk identification	-25% to +40%

¹³ Adapted from *Regional Collaboration in Local Government in Queensland, Key Success Factors*, Local Government Infrastructure Services and Central Queensland Local Government Association (April 2011).

Table 6: Order of accuracy of cost estimates			
Project evaluation stage	Estimate type	Stage performed	Anticipated range of accuracy
	Preliminary design estimate	Stage C concept design, costing of preferred option and preliminary financial packaging	-20% to +30%
	Detailed estimate	Costing of project for budget funding approval and documentation preparation	-15% to +25%
Project development (Part C)	Tender estimate	Costing to assist with evaluation of tenders	-10% to +20%
and Tendering process (Part D)	Tender price and contract	Negotiated contract price agreement	-5% to +10%

5.9 Use of case studies and research

To articulate certain aspects of the strategic business case, it may be useful to include relevant case studies or research. For example:

- the performance of a similar project in the local area or broader region
- specific research and analysis of a target market or an emerging community issue
- findings of joint studies between the Council, industry, community groups and/or Federal, State or Territory Governments
- research demonstrating what may happen in the event the existing arrangements continue.

When used appropriately, inclusion of case study materials or specific research and analysis can add significant weight to the strategic business case.

5.10 Outcomes of the strategic business case

The strategic business case needs to contain recommendations for a course of action arising from the analysis it contains. There are four main courses of action that may be recommended:

Abandon the project: this may be recommended if, for example, the project is not affordable, is unacceptable to key stakeholders, or carries risks which are unacceptable to the Council and are not able to be successfully managed.

Review the project with a view to redefining it: this may be necessary to improve the affordability of the project to Council, to make the project more attractive to key stakeholders or to reduce or eliminate unmanageable risks.

Undertake a pilot or prototype exercise: the results may be useful in determining how to best proceed with the project and on what basis.

Proceed to the development of a detailed business case: this may be recommended based on a broad set of parameters (including a short list of options requiring more rigorous assessment at the detailed business case stage) and within a suggested budget allocation.¹⁴

6. Project governance

6.1 Good governance

Good project governance assists with the co-ordination and delivery of a project and effective communication between the Council, external advisers, key project stakeholders and the community. The governance structure of a project is the framework within which the project is managed and decisions are made.

Whilst particular governance arrangements differ from project to project, good project governance will usually be developed around a set of common principles. These principles and examples of the practical implications for project development are set out in Table 7.

Table 7: Principles of good project governance¹⁵	
Principle	Example
Principle 1: Delivery of the Council's organisational purposes	<ul style="list-style-type: none"> ▪ Project objectives are aligned with the Council's strategic objectives ▪ External advisers understand the parameters within which a local government organisation must work
Principle 2: Effective and efficient processes	<ul style="list-style-type: none"> ▪ The project team is appropriately qualified and experienced and performance is regularly reviewed ▪ A project specific governance framework is developed and implemented in a manner consistent with the Council's internal financial management controls and operating procedures
Principle 3: Clearly defined roles and responsibilities	<ul style="list-style-type: none"> ▪ Roles and responsibilities of the project team are clearly defined ▪ Clear reporting lines are established
Principle 4: Compliance with legal requirements and Council procedures	<ul style="list-style-type: none"> ▪ The project team understands and complies with all legal and regulatory requirements that apply to the project ▪ Appropriate delegations for the project are in place and the use of delegated authority is properly supervised
Principle 5: Accountable and transparent processes	<ul style="list-style-type: none"> ▪ Detailed and accurate records are maintained for the project ▪ Appropriate project information is released to the public

¹⁴ Outcomes adapted from *Rethinking Service Delivery, Volume 2, From Vision to Outline Business Case*, Strategic Partnership Taskforce, Office of the Deputy Prime Minister, United Kingdom (April 2003).

¹⁵ *Key Principles of Good Governance*, Charity Commission, www.charity-commission.gov.uk/Charity_requirements_guidance/Charity_governance/Good_governance/goodgovernance.aspx, and adapted for the Australian local government context.

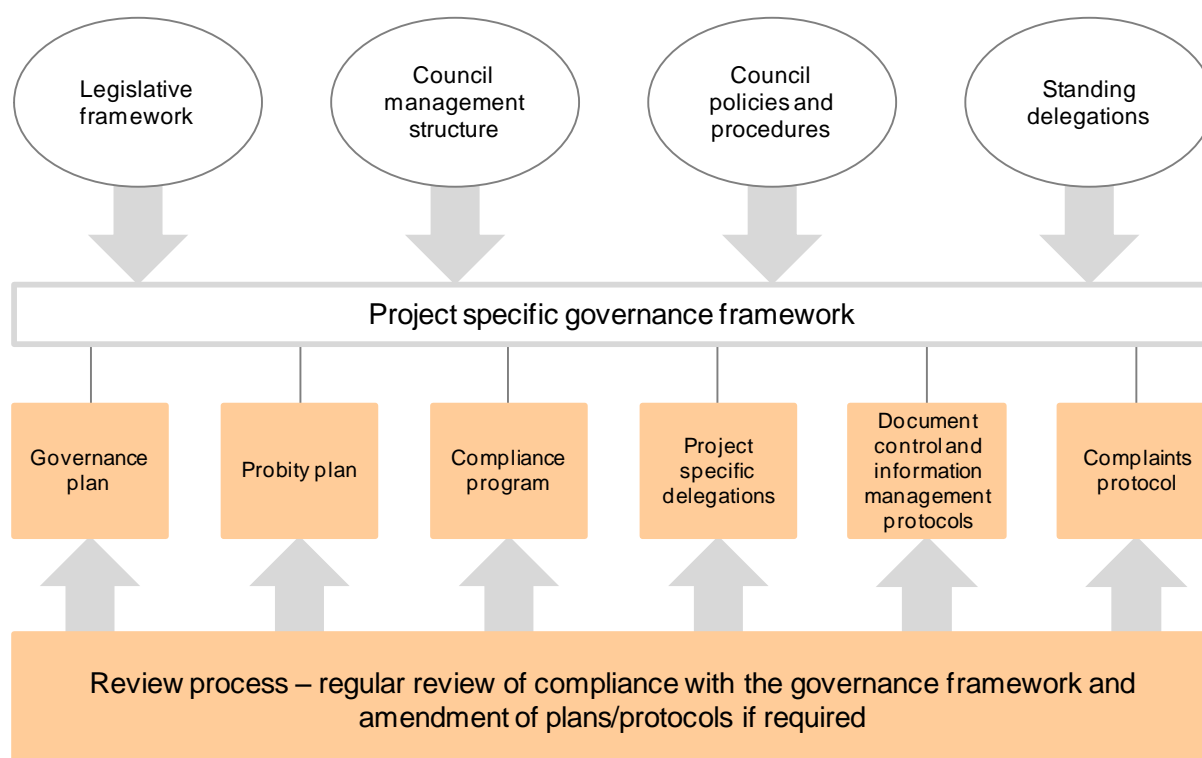
Table 7: Principles of good project governance ¹⁵	
Principle	Example
	<ul style="list-style-type: none"> Community and other key stakeholders are engaged and complaints are handled constructively and effectively
Principal 6: High ethical standards	<ul style="list-style-type: none"> High ethical standards and independent decision making processes are maintained Conflicts of interest are understood and properly managed

6.2 Project specific governance framework

Good governance is important in all local government procurement processes and the Council will have well-established procedures for routine procurement. However, major infrastructure projects are not routine undertakings for local government. Such projects typically involve significant sums of money and greater levels of complexity and risk than the usual operations of the Council. They also involve lengthy planning and implementation phases using a project team drawn from Council staff across different departments as well as external advisers and consultants. For these reasons, a project specific governance framework needs to be developed for each major infrastructure project.

The governance framework will differ from project to project depending on the organisational structure of each Council, the nature and scope of the project, and the procurement and funding strategy. The nature and number of external advisers brought in to assist on the project will also have an impact. Figure 5 provides an overview of a typical project specific governance framework.

Figure 5: Elements of a typical project governance framework



6.3 Governance and the project lifecycle

The plans and protocols comprising the project governance framework are not all required to be developed at the strategic assessment stage. For most projects all that is needed at this stage is a governance plan (see section 6.4, *Governance plan*) and resource plan (see section 6.5, *Resource plan*). These will typically be high level outlines that will be developed further at each subsequent stage of the project to suit the particular needs of that stage. Other elements of the governance framework will be developed as the project progresses. Part A focuses on those issues relevant to the strategic assessment stage. Specific governance issues relevant to subsequent stages of the project are examined in the relevant part of the Major Projects Guidance.

6.4 Governance plan

A properly developed governance plan ensures the proper management and co-ordination of the project. At the strategic assessment stage, the governance plan should outline the proposed governance regime for the development of the detailed business case. This will enable the Council to assess whether adequate controls are in place should the project proceed to the next stage. It will also assist in the development of the resources plan for the detailed business case stage. The Council will use the governance plan and resources plan to determine an appropriate allocation of resources for the detailed business case stage including Council staff, external advisers and a budget allocation.

Key elements

The key elements of the governance plan are as follows:

- key governance roles and responsibilities and associated reporting lines (see Table 8 for an overview of key governance roles)
- requirements for written reports including:
 - an outline of the content and the level of detail required
 - the method of reporting (for example, written only or written and verbal presentation)
 - regularity of reports – weekly, monthly etc.
- requirements relating to management meetings including:
 - staff or advisers required to attend the management meetings on a regular basis
 - regularity of meetings
 - standard agenda items
- delegations sought (see the section below on delegations)
- overview of the probity framework including:
 - the stage at which the probity plan will be developed
 - considerations regarding the appointment of a probity adviser and/or probity auditor for the project.

Key governance roles

A typical governance structure for a major infrastructure project includes the roles set out in Table 8.

Table 8: Key governance roles		
Role	Function	Comprising
The Council	(Decision making and approvals) Ultimate decision maker and approval body	Elected councillors
Project steering committee	(Decision making, approvals and supervision) Responsible for overseeing and directing the development of the project and dealing with key issues; drives progress; ensures the project team members are complying with their assigned tasks	High level decision makers having genuine decision making power in relation to the project (may include the Chief Executive Officer (CEO) or the General Manager (GM) and the project director)
Project director	(Decision making, approvals and supervision) Responsible for the overall delivery of the project – high level supervisory role	Senior executive/manager having genuine executive authority in relation to the project
Project manager	(Decision making, planning and supervision) Responsible for the day to day conduct and co-ordination of the project	Senior manager or external consultant
Project team stream leaders	(Planning and implementation) Responsible for the planning and implementation of different aspects of the project – streams will change over the life of the project	Council management staff and external advisers/consultants
Project team	(Implementation) Responsible for development and implementation of the project	Council staff and external advisers/consultants
Probity adviser	(Planning and implementation) Responsible for establishing the probity framework, providing probity advice and managing probity issues	External adviser or internal appointment
Probity auditor	(Auditing/reporting) Responsible for reviewing project processes and probity plan and reporting on compliance with those processes/plans	External adviser or internal appointment

Once established, the roles and key responsibilities of these positions/groups should be documented in the governance plan. The governance plan may be a section of the strategic business case or a stand-alone document referenced in the strategic business case. Further guidance on probity and probity advisers is set out in section 2.10 of Part C, *Probity*.

The role of external advisers is examined in more detail in section 2.7 of Part C, *Resourcing plan – the project team*.

Delegations

In developing the governance plan, consideration should be given to developing efficient decision making processes for the project. It may be necessary to obtain the Council's approval for appropriate instruments of delegation specific to the next stage of the project. The project team should review the existing instruments of delegation to determine whether those existing delegations are suitable for the detailed business case stage of the project. The governance plan should include a list of any delegations sought with a clear description of the extent of the delegation, and the training that will be required to enable to delegate to understand the limits and powers of the delegation as well as the legal duties of exercising delegated authority.

If the project proceeds to the next stage and project specific delegations are put in place, this will need to be developed into a delegations register. Delegations may need to be addressed more than once over the project lifecycle as the needs of the project change.

6.5 Resource plan

The project team can use the governance plan for the project as the starting point for developing the resource plan. At the strategic assessment stage, the resource plan should be focused on outlining the resources required for the development of the detailed business case. This would include:

- the allocation of Council staff to the project
- advisers and consultants to be appointed
- budget for the detailed business case stage
- high level budget for the development of the project.

As with the governance plan, the resource plan may form a section of the strategic business case or may be a separate document referenced in the strategic business case.

7. Council approval

7.1 Engaging and informing the Council

One of the tasks for the project team during the strategic assessment stage is to begin to engage the internal stakeholders at the Council on the project. This includes upper management, the CEO or GM (if they are not directly involved in the strategic assessment of the project) and councillors. Engaging Council staff may involve providing management or department briefings and receiving feedback on the information provided. Engaging councillors is more likely to take the form of Council briefings (discussed in section 7.2, *Council briefings*).

The Council is ultimately responsible for the outcomes of any major project undertaken and for the manner of implementation. It is therefore critical that the Council is engaged early in the project planning process and kept properly informed as the project progresses.

Section 7, *Council approval* considers the main methods of engaging the Council and highlights the Council approval process. The final section briefly discusses public announcements in relation to the project.

7.2 Council briefings

Council briefings are useful for complex or high risk projects to give councillors the opportunity to consider the projects and explore the issues listed on the agenda for the upcoming Council meeting.

The purpose of the briefing is to inform councillors of issues arising on the project and to provide an opportunity for further discussion and feedback. Council briefings are not open to the public and do not constitute a public record in the same manner as Council meetings. For this reason, briefings are not the appropriate forum for councillors to make decisions on the project. This should be done at a Council meeting.

7.3 Council reports

A report to the Council is the main method for informing councillors (and the community) about a project or potential project and, for seeking the approval of the Council to undertake certain activities in relation to project planning and implementation.

The purpose of the Council report is to provide councillors with sufficient information to enable them to make an informed decision about a project, or a particular aspect of a project. The report should contain sufficient background information on the issues relevant to the decision to be made, and should contain a recommendation as to the appropriate way forward.

It is vital that the Council report:

- details feedback obtained from any stakeholder consultations carried out
- clarifies whether the recommendations in the report are in line with the Council's strategic plan and other plans and policies
- reflects progress against any Council approved plan, program or budget for the project.

At the end of the strategic assessment stage, the project team should be in a position to assess the recommendation to put to the Council in relation to the project. This may include a recommendation to review the project, undertake a pilot project or proceed to detailed business case development (see section 5.10, *Outcomes of the strategic business case*). The Council report should be supported by the following documents:

- strategic business case report (see section 5, *Defining and scoping the project*)
- ILM, including ICB and BMP if developed (see section 4, *Validating the project*)
- governance plan (see section 6.4, *Governance plan*)
- resource plan (see section 6.5, *Resource plan*).

In preparing a report to the Council the project team should bear in mind that Council meetings are generally open to the public, for accountability and transparency reasons, and a report to the Council will usually be made available to the public after it has been tabled at a Council meeting. However, it may be appropriate for some aspects of the project to be discussed at a meeting that is closed to the public. The report (or a section of that report) tabled during a Council meeting that is closed to the public does not usually have to be made available to the public.¹⁶

¹⁶ For details on when a Council meeting can be closed to the public and the circumstances in which a report to the Council may be withheld from the public, refer to the Local Government Act in the relevant State or Territory.

When submitting a report to the Council, the project team should consider whether to recommend certain aspects of the report be discussed during a closed meeting of the Council. If this is the case, the relevant sections of the report must be marked accordingly.

For specific guidance on preparing a report to the Council for a proposed infrastructure project, see Annexure 1, *Reports to the Council*.

7.4 Council meetings and Council approval

Although a Council briefing or Council report may be comprehensive, councillors and officers are required to hold a full discussion of the relevant issues at the Council meeting, prior to deciding whether or not to approve the recommendations put forward in the Council report.

The Council should only authorise the project to proceed to the next stage if the Council is satisfied that there is a need for the project, and that the proposed solution is appropriate to address that need. Only then can the Council justify investing in the development of a detailed business case.

It cannot be stressed enough, that at this stage, an approval by the Council to proceed with the project should be limited to an approval to:

- review the project
- undertake a pilot project, or
- proceed to the development of the detailed business case.

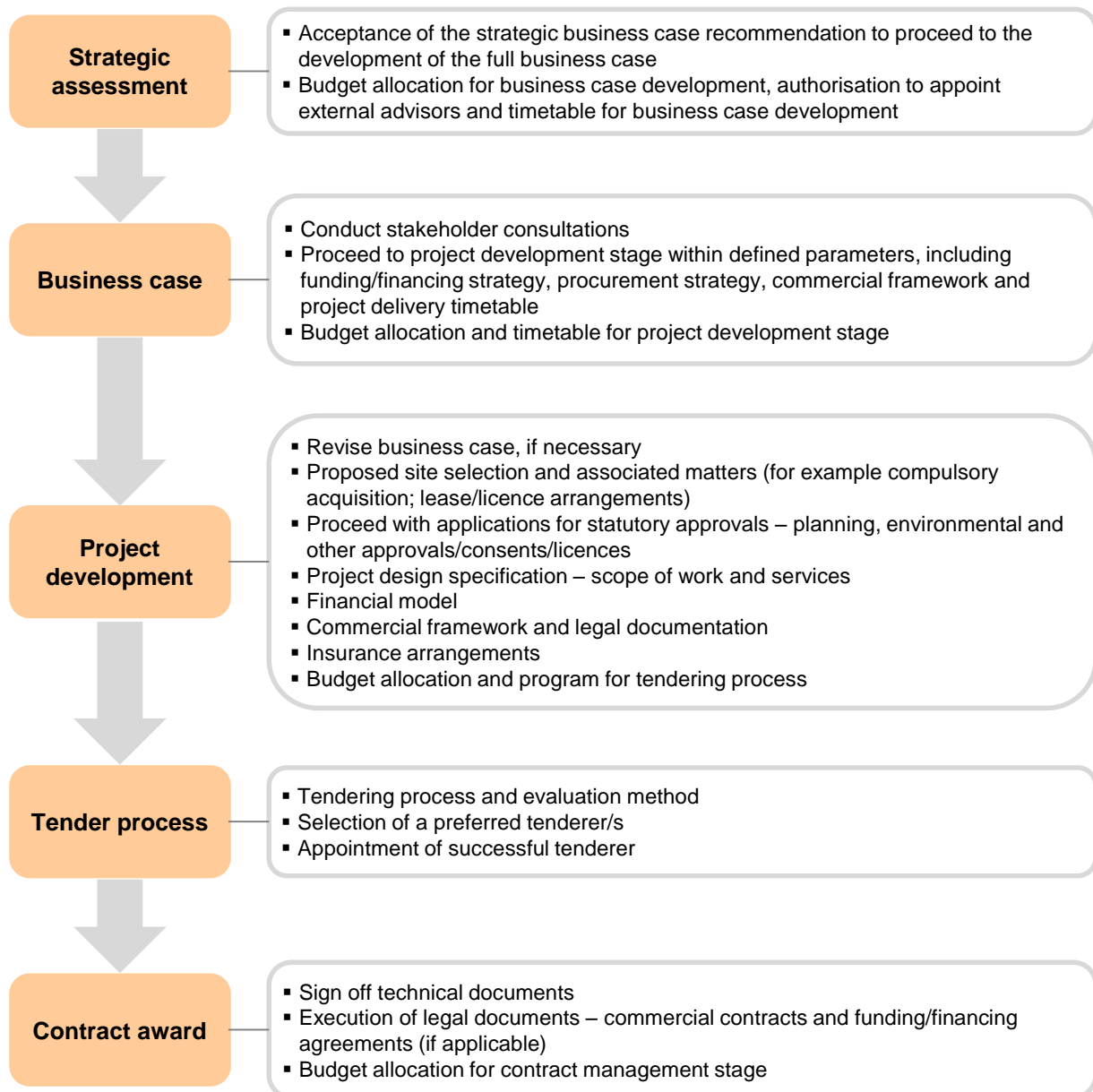
The approval should not be a general authorisation for the project to proceed. This is because the feasibility of the project has not been properly tested by undertaking a full and rigorous detailed business case.

7.5 Key approval points

The key decision making stages in a project will vary from project to project, and will depend on the constitutional arrangements of the Council, the existing management arrangements and the instruments of delegation in place.

To ensure the smooth running of a project, the project program will need to take into account the timetable for Council meetings and deadlines for the submission of Council reports.

Some examples of the types of approvals that may be required at each stage of a project (up to contract award) are set out in Figure 6.

Figure 6: Examples of Council approvals over the project lifecycle

The points at which the Council approval is required and the form of that approval will vary widely depending on a number of factors including Council policies, the project governance framework, the delegations in place, the nature of the project, and any agreements with external stakeholders including other levels of government. Where the Council's approval has been provided for a project or a stage of a project to proceed based on certain assumptions, ad hoc Council approvals may need to be sought where there is a material change to those underlying assumptions.

7.6 Public announcements

At the strategic assessment stage consideration should be given as to whether any public announcements should be made regarding the project. Problems have occurred when Councils have made announcements too early (for example before the Council has determined its requirements or when the Council has only approved proceeding to the detailed business case stage). The key challenge is to manage the community's expectations and not reveal information that the Council would not want in the market place prior to the tender stage. In this connection, the project team have

a role in managing councillors' expectations regarding public announcements on the project, and may find that Council briefings provide a useful forum for holding these types of discussions.

8. Gateway review process

In some jurisdictions the project may be subject to a gateway review.¹⁷ This may be a condition of funding in some cases. Where the project is required to go through a gateway review process, the project team must be aware of the key review points and what needs to be prepared for the purposes of each review. The review points and specific requirements for each review differ slightly between jurisdictions. See Annexure 4, *Gateway review process* for a general overview of gateway in Australia and a summary of the review points in each jurisdiction. For all projects subject to the review process, there will be a review of the strategic assessment of the project (variously referred to as the strategic review, initiation review, concept and feasibility review or preliminary evaluation).

9. Further resources

Victoria

Ensuring Unbiased Democratic Council Decision Making, Principles to Good Practice, State of Victoria, Department of Planning and Community Development (2013).

The Gateway Review Process, State of Victoria, Department of Treasury and Finance (2009).

The Principles of Good Governance Within Local Government, Municipal Association of Victoria, Good Governance Advisory Group, Good Governance Guide (February 2004).

Guide to Developing a Code of Governance, Municipal Association of Victoria, Good Governance Advisory Group (December 2005).

Local Government Best Practice Procurement Guidelines, State of Victoria, Department of Planning and Community Development (2013).

Practitioner's Guide, Guidance Material, State of Victoria, Department of Treasury and Finance, Partnerships Victoria (June 2001).

New South Wales

Governance Health Check: Self Audit Guide to Good Governance in Local Government, Independent Commission Against Corruption (June 2004).

Gateway Review Toolkit, State of New South Wales, Department of Commerce (2006).

Strategic Gate Review Workbook, Gate One, Issue No. 7, (June 2011), see www.nswprocurement.com.au.

Better Value Infrastructure Plan (April 2011), see www.infrastructure.nsw.gov.au.

Queensland

Better Purchasing Guide, Ethics, Probity and Accountability in Procurement, Queensland Purchasing Department of Public Works, Crime and Misconduct Commission (October 2006).

¹⁷ A GRP has been developed in Victoria, New South Wales, Queensland and Western Australia. Tasmania occasionally runs GRPs and relies on the Victorian process to do so. South Australian and the Northern Territory do not run GRPs.

Gateway Review Guidebook for Project Owners and Review Teams, State of Queensland, Queensland Treasury and Trade (2010).

South Australia

Community Engagement Handbook, A Model Framework for leading practice In Local Government in South Australia, Local Government Association of South Australia and the South Australian Government through the Office for State/Local Government Relations (March 2008).

Background Paper 1, An Historical and Political Context and the Imperatives for Governance Reform, Professor Dean Jaensch on behalf of Local Government Association of South Australia (April 2003).

Background Paper 2, Governance: Some Experiences of Local Government, Professor Bill Russell on behalf of Local Government Association of South Australia, (April 2003).

Background Paper 3, Legal Responsibilities for Governance: Local Government, State Government, The Parliament, Business Sector, Michael Kelledy on behalf of Local Government Association of South Australia (April 2003).

Northern Territory

Local Government Association of the Northern Territory (LGANT) website: www.lgant.asn.au.

Options for Regional Governance in the Northern Territory, Consultation Paper, Regional Governance Working Group (March 2013).

Tasmania

Your Role as Councillor and Achieving Good Governance, Presentation at LGAT Pre-election Workshops, State of Tasmania, Local Government Division (6-9 June 2011).

Independent Review of Structures for Local Governance & Service Delivery in Southern Tasmania – Final Report, Independent Panel to the Southern Tasmanian Councils (2011).

The Practices of Local Governance: A Tasmanian Case Study, Denbeigh J Armstrong, School of Geography and Environmental Studies, University of Tasmania (April 2010).

Western Australia

Procurement Practice Guide: A Guide to Products and Services Contracting, for Public Authorities, Government of Western Australia, Department of Finance, Government Procurement (January 2013).

Building a Better Planning System, Consultation Paper, Government of Western Australia, Department of Planning and Infrastructure (March 2009).

General

Strategic Partnership Taskforce, *Rethinking Service Delivery, Volume 2, From Vision to Outline Business Case*, United Kingdom, Office of the Deputy Prime Minister (April 2003).

Legal and Governance Models for Shared Services in Local Government, Interim Report, Australian Centre of Excellence for Local Government (May 2012).

Options for Improving the Integration of Road Governance in Australia, The Role of Local Government, The Allen Consulting Group (August 2009).