

Common Areas of Spend Major Projects

Standard Definition v1.0

Author:

Owner:

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Contents

- Introduction2
- About this Document2
- Common Areas of Spend2
- Value to Departments3
- What is CAS for Major Projects?3
- Generic areas (applicable to more than one CAS)4
- Organisation scope4
- Public Sector Organisations4
- Measure Detail5
- Major Projects Scope5
- Measuring Delivery Confidence.....5
- Risk Level6
- HM Treasury Approval Point6
- Major Projects Financial Data.....6
- Spend6
- Financial Benefits.....6
- Net Present Value.....6
- Whole life cost total (including non-Government spend).....7
- Milestones.....7
- Frequently Asked Questions8
- Appendix A: Data Dictionary.....9

Introduction

About this Document

This document is one of a set as outlined below, and provides a standard definition for major projects management information. It is not guidance for data surveys or a data survey in itself, but provides standard definitions that underpin individual information requests. It covers;

- The standard definitions that will be applied to operational data and management information to provide a common reference point.

It does not cover either

- Information assurance processes or
- Data collection processes

These will be addressed in documents supporting individual data collections.

Common Areas of Spend

Successive reports¹ into Government operations have highlighted concerns on the quality and comparability of management information on Government operations.

Feedback from departments has suggested that one cause of inconsistent data is the lack of agreed 'standards'. This has also led to a loss of collective focus and duplicated effort in the collection of operational data by the centre and by departments from arms length bodies (ALBs).

The Common Areas of Spend (CAS) work aims to establish agreed standard guidance and definitions by which departments and the centre can communicate on operational performance matters, streamlining data collection and improving data comparability over time.

The CAS are composed of the following areas:

Measure	Definition
People	Payroll and non-payroll workforce available to the department
Estate Costs	The cost, size and occupancy of the office estate
Procurement	Expenditure on goods and services with third party suppliers
Major Projects	Key projects delivering department agenda
ICT	The cost of ICT operations
Corporate Services	The delivery of 'back-office' functions
Fraud, Error and Debt	The value of fraud and error and the debt impact of these
SME and VCS	Spend and grants with SME and VCS organisations

For each CAS measure we will establish a standard definition which the centre will use as the basis for all relevant data collections. Over time, departments will embed these in processes and applications so that they can provide consistent and comparable information with minimal resource burden. Each CAS measure definition will be in a separate document defining a discrete dataset. However, the definitions are not designed to be additive as there will be cross-over between some measures.

This document builds on, and consolidates in one place, work across government where individual aspects of the standards applicable to this area have been addressed or are being developed. This

¹ *Efficiency Review*, Sir Peter Gershon – July 2004; *Operational Efficiency Programme: final report* – April 2009; *Efficiency Review*, Sir Phillip Green – October 2010.

document will be the source of standard definitions across government against which all information will be defined.

Value to Departments

The principle audience for operational data are Departments themselves – their management teams, boards, leaders and operational team members.

By using established standard definitions, it is expected that departments will derive a number of benefits, above and beyond those described above:

- Trend analysis – measuring changes over time
- Benchmarking across the public sector – comparing performance and sharing best practice
- Benchmarking where relevant, with external private or voluntary sector comparators – aiming for best in class performance

These standard definitions will also form the basis for the relevant sections of the Quarterly Data Summary to department business plans.

What is CAS for Major Projects?

The Common Areas of Spend for major projects defines metrics for tracking delivery of government's largest and most critical projects. The definitions are set out below.

CAS definition addresses the following functions:

- Delivery Confidence

- Spend
- Financial Benefits
- Net Present Value
- Milestones

Additionally, for major projects, there are cross-cutting elements which impact some/all of the CAS areas

- Organisation

Detail is provided in the Measure Detail section and the Data Dictionary providing technical specification for the data elements is included at Appendix A.

Generic areas (applicable to more than one CAS)

Organisation scope

Organisational scope will be set out in the commissioning documents for a specific survey and does not form part of the standard definitions. This will include the level of granularity of reporting i.e. department total or by individual organisation.

Public Sector Organisations

Organisations will be identified using the identifiers used in the Electronic Property Information Mapping Service (e-PIMS).

The taxonomy of e-PIMS is based on the following structure:

1. Sector - This is the highest definition and relates to Government's main sectors eg. Central Civil Estate, NHS Bodies, Local Government, Education, Northern Ireland etc.
2. Parent Department - This level is not directly recorded in e-PIMS but can be derived from a linkage across Departments established in the Departmental summary table. A Parental Department has associations to other Departments. eg. DWP and H&SE are both Departments within their own right on e-PIMS but DWP is the Parent Department for H&SE.
3. Department - Underneath each sector is the Department. (See Parent Department above)
4. Property Centre - This level is determined by the Department. It can be used to break down an estate into Executive Agencies, NDPBs or can be based on a geographical split.

In addition, the type of Property Centre is also held along with a unique reference to the Treasury "COINS" system. eg. NDPB, Executive Agency

An example is included below...

The Department of Energy and Climate Change (DECC) should provide information for each measure broken down by the following organisations:

- Coal Authority
- Nuclear Decommissioning Authority
- Department of Energy and Climate Change – the core organisation

This represents the DECC entire departmental family and ensures that each measure is consistent and fully comprehensive.

Measure Detail

Major Projects Scope

A definition of “major project” has been agreed between the Major Projects Authority, HM Treasury and departments as follows:

‘a project or programme that requires HM Treasury spending approval, as set out in Delegated Authority letters and additionally, any projects for which authority cannot be delegated i.e.

- *could create pressures leading to a breach in Departmental Expenditure Limits, administration costs limits, or Estimates provision;*
- *would entail contractual commitments to significant levels of spending in future years for which plans have not been set;*
- *could set a potentially expensive precedent;*
- *are novel and contentious; or could cause significant repercussions for others;*
- *require primary legislation; or*
- *where Treasury consent is a statutory requirement’*

Departments should be aware of their portfolio of major projects as this will have been agreed with HM Treasury Spend Teams and the Major Projects Authority.






Measuring Delivery Confidence

This may be based on a recent Gateway, Project Assessment Review (PAR) or similar assurance review. In Departments where portfolio functions validate/challenge the Delivery Confidence ratings provided by SROs the Delivery Confidence will be the agreed rating once any differences have been resolved. In Departments where a central function does not validate/challenge the project rating then the SRO view should be used.

Delivery Confidence means the confidence in a project’s ability to deliver its aims and objectives:

- within the timescales;
- within the cost envelope;
- and to the quality requirements including the delivery of benefits, both financial and non-financial;
- all as laid down in the most recent formally approved mandating document (e.g. Project Initiation Document [PID] or Business Case)

The Delivery Confidence ratings are defined below. Only those ratings that are in use within a Department should be used. For example some Departments do not permit Amber ratings.

Colour	Criteria Description
	Successful delivery of the project/programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly
	Successful delivery appears probable however constant attention will be needed to ensure risks do not materialise into major issues threatening delivery
	Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and if addressed promptly, should not present a cost/schedule overrun
	Successful delivery of the project/programme is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and whether resolution is feasible
	Successful delivery of the project/programme appears to be unachievable. There are major issues on project/programme definition, schedule, budget required quality or benefits delivery, which at this stage do not appear to be manageable or resolvable. The project/programme may need re-baselining and/or overall viability re-assessed

Risk Level

The Risk Level (High / Medium / Low) indicated by the most recent ERG 'Risk Potential Assessment' where this exists. If a project has not completed a 'Risk Potential Assessment' the anticipated level should be provided.

HM Treasury Approval Point

This is the point to which a project has reached in the HM Treasury Approvals process for projects.

Major Projects Financial Data

Project returns are a snapshot of cost data as at the point in time when the project completes its return. There will be no expectation that actual expenditure figures for the current reporting period will be finalised.

Spend

Spend data is defined as follows:

- Spend data is CDEL and RDEL expenditure.
- Spend is net of recoverable VAT.
- Spend data includes Government costs only. This is to ensure that the data can be validated with the Department's finance function (with the exception of Whole Life Cost (WLC) Total £m (Inc Non Gov Spend)" – see below).
- The period over which WLC are calculated is the same as the appraisal period used in the project's business case.
- Where projects have long term costs the WLC figures are consistent with the appraisal period used/to be used in the project's Business Case
- A budget figure may change during the life of a project.

Financial Benefits

Only financial benefits data are defined as there is no consistent way to capture non-financial benefits. Where a project is not on track to deliver important non-financial benefits this should be reflected in the overall Delivery Confidence assessment for the project.

Financial benefits are defined as follows:

- Financial benefits are presented in the same way as figures in the project Business Case, and figures for any project are presented in a consistent way from period to period. For example:
 - Some projects that generate income or savings net the income/savings off against project costs rather than show them separately as financial benefits
 - Some projects that generate income or savings show the income/savings as financial benefits
 - Some projects monetise wider benefits to the public or exchequer and present these as financial benefits
 - In all of these cases projects should continue with their existing practice.
- The types of financial benefits are consistent with those identified in the project's Business Case.
- Financial benefits are cash figures (without discounting). Where this is not possible discounted figures are used with appropriate notes
- Where projects produce long term benefits the total benefit figures are consistent with the appraisal period used/to be used in the project's Business Case.
- A budget figure may change during the life of a project.

Net Present Value

This is the value for the project (Net Present Value) as at the last iteration of the project's business case.

Whole life cost total (including non-Government spend)

Whole life cost total (including non-government spend) (“WLC Total £m (Inc Non Gov Spend)”) indicates total project costs where other parties are contributing to project funding.

Milestones

The key high level project, procurement, assurance and approval milestone data elements for a major project are:

- Milestone – the title and brief description of the project milestone;
- Planned Date / Baseline – the baseline dates. These dates should not be changed unless the project is formally re-baselined.
- Last Approved Date - where projects are re-baselined the ‘Last Approved Date’ is the latest planned date.
- Current Forecast – date that milestone is currently forecast to be completed (left blank where milestone complete).
- Completion Date – date milestone completed (where appropriate).

Frequently Asked Questions

What is my department's major project scope and how will this change?

Each department will agree the portfolio of projects that will be managed as major projects with the relevant HM Treasury Spending Team and the Major Projects Authority within Cabinet Office. Any changes to the departmental portfolio will be discussed and agreed in the same way. Therefore departments should be aware of their major projects and be involved in the process through which projects are added or removed from their portfolio.

How will variations in delivery confidence ratings (RAG) between departments impact on the use of these standard definitions?

It is anticipated that the greatest value in using and monitoring project confidence ratings will be to observe trends within projects and departments rather than compare across government. It is therefore unnecessary to require all departments to conform to a single standard.

Are financial benefits to the wider economy included under the financial benefits standard definitions?

Yes. Where a benefit is financially verifiable (has a monetary value), whether this is a benefit to the department itself or to the wider economy, then this would fall under the standard definition.

Where do non-financial benefits fit into the standard definitions?

As there is no consistent way to capture non-financial benefits, non-financial benefit realisation would be reflected under the standard definition for delivery confidence.

How do I measure whole-life costs?

For the purposes of reporting Major Projects whole-life cost is the sum of the actual cost for previous years plus the forecast cost for the current years and any subsequent years the projects is forecast to run through until project delivery.

Appendix A: Data Dictionary

Data Member ID	Data Member Name	Description	Type
PJ1	Overall Delivery Confidence Assessment for Project	This is an assessment of the confidence in a project's ability to deliver its aims and objectives measured using Departmental Delivery Confidence ratings (RAG).	String
PJ2	Risk Level for Project	The risk level (High / Medium / Low) indicated by the most recent OGC/ERG "Risk Potential Assessment", where this has been undertaken, or the anticipated level where it has not.	String
PJ3	Project - Budgeted Spend - RDEL	RDEL spend budgeted for project for period. (Excludes non-Government spend). £(m)	Decimal (15,2)
PJ4	Project - Forecast Spend - RDEL	RDEL spend forecast for project for period. (Excludes non-Government spend). £(m)	Decimal (15,2)
PJ5	Project - Budgeted Spend - CDEL	CDEL spend budgeted for project for period.(Excludes non-Government spend). £(m)	Decimal (15,2)
PJ6	Project - Forecast Spend - CDEL	CDEL spend forecast for project for period.(Excludes non-Government spend). £(m)	Decimal (15,2)
PJ7	Project - Actual Spend - RDEL	RDEL actually spent / forecast on project for period.(Excludes non-Government spend). £(m)	Decimal (15,2)
PJ8	Project - Actual Spend - CDEL	CDEL actually spent / forecast on project for period.(Excludes non-Government spend). £(m)	Decimal (15,2)
PJ9	Project - Budgeted Financial Benefits	Budgeted financial benefits realised by project for period. £(m)	Decimal (15,2)
PJ10	Project - Actual Financial Benefits	Actual financial benefits realised by project for period. £(m)	Decimal (15,2)
PJ11	Project - Net Present Value	The value of the project as at the last iteration of the project's business case. £(m)	Decimal (15,2)
PJ12	Project - Whole life cost total (including non-Government spend)	This is the total whole life cost of the project including contributions from non-Government parties.	Decimal (15,2)
PJ13	Milestone - Title / Description	Title and short description of the project milestone.	String
PJ14	Milestone - Planned Date / Baseline	The baseline date for the milestone. The initially agreed deadline date for the milestone, unless formally re-baselined.	Date
PJ15	Milestone - Last Approved Date	The latest planned date for the milestone.	Date
PJ16	Milestone - Current Forecast	The date the milestone is currently forecast to be delivered by.	Date
PJ17	Milestone - Completion Date	The date that the milestone was completed (where appropriate).	Date

Appendix B: Feedback not incorporated

Section	Feedback	Reason
General	One of our main concern is over how all this is coming together into an integrated Departmental reporting mechanism to Central Government and how the individual bits of guidance (on IAAP for example) fit together.	This is something that you should raise with your single point of contact in the MPA team as it will relate to the specific data request. However, it is something that we will be considering as part of wider work on an MI Strategy for central government and work to rationalise data requirements.
General	Given changes occurring to MOD over the next few years and the number of projects we have we will need to understand the full implications of this document for MOD, before we can sign it off.	I'm sure this is something that you will discuss with your MPA single point of contact. The CAS standards are consistent with GMPP data collection and any future changes will be reflected. As the real world situation evolves I anticipate processes and standards will move to reflect this.
Major Projects Scope	Scope - we expect the population of the GMPP to move around over the next few years as some of projects complete their lifecycle, increase or decrease their scope and new projects start. For reporting purposes we take the approval from our internal Investment Committee of the Outline Business Cases as the trigger of when projects fall within the scope of GMPP. Can the definition be clear about when projects fall within the GMPP and when they become part of the reporting regime, and when the reporting cycle ends.	This process is managed by the MPA team and so could be set out for you by your single point of contact. The standards set out the definitions for data items related to Major Projects.
Measuring Delivery Confidence	With regards Delivery Confidence, we support your use of the widely understood MPA assurance ratings. On the question of some departments allowing Amber and some not, it may make sense for MPA to mandate one approach (even though we are a non-amber department) rule so that everyone is measuring on the same scale (since the lack of Amber forces upper or lower scoring). We also note however, that also adding the category 'Current Progress' would allow the MPA to differentiate between the current state of progress vis a vis overall delivery confidence against the approved envelope.	MPA have taken the decision not to be prescriptive on this point and to utilise the systems already in place in departments.
Measuring Delivery Confidence	RAG Ratings - guidance states that only the RAG ratings that are in use within a Department should be used. We are concerned that this will differ significantly from Department to Department and therefore how will ERG ensure consistency?	MPA have taken the decision not to be prescriptive on this point and to utilise the systems already in place in departments.
Major Projects Financial Data	Are the project returns referred to under 'Major Projects Financial Data', the Quarterly GMPP returns? If so should we say so? If not what are they?	CAS guidance does not relate to one particular data collection or another, it is a standard set of guidance for the collection of these data sets. It is therefore not appropriate to refer to particular data collections.