

# Project Governance: Guidance

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## Introduction

The purpose of this document is to provide guidance for Public Sector Decarbonisation Scheme grant recipients on best practice in project governance.

At Salix we aim to work collaboratively with you during the lifecycle of your projects to ensure projects are delivered as effectively and efficiently as possible and you are able to access the full grant award. For this reason, we ask that you are in regular contact with your Salix relationship manager, keeping them updated on the progress of projects, but also any risks or issues that arise during project delivery, as we may be able to provide additional assistance.

## Working with consultants and contractors

We recognise that external contractors and consultants may deliver your project on a day to day basis, however your public sector body as the grant recipient bears responsibility for holding third party consultants and contractors to account and ensuring the project is delivered in line with the terms and conditions of the grant.

A common condition included in the Grant Offer Letter is:

*To provide to Salix evidence detailing the experience and governance for the appointed contractors alongside a confirmation that the public sector body's procurement policies have been followed.*

To resolve this condition, we expect a written explanation of how the project will be effectively managed internally and with the appointed consultants and contractors. Typically, a project execution plan will be provided to confirm a suitable project management framework is in place, including an organisational structure chart showing the chain of decision making. This should make clear who within your public sector body will be responsible for providing your monthly monitoring reports to Salix and act as our main point of contact, as well as how any risks or issues will be escalated. At the post tender stage, we require an updated project execution plan showing how you will work with your consultants and contractors and who will be accountable for different areas of the project, these should be named and their contact details provided (please note, your main contact must remain responsible for all Salix reporting and other grant requirements).

Please find below examples of good organisational structure charts and questions to consider to be able to satisfy the above condition and provide confidence to Salix that effective measures are in place for managing the project effectively.

## Risk management

The monthly monitoring report to be provided to Salix by the 15<sup>th</sup> of every month includes a section for updates on the key risks or issues affecting the project. However, we also request that you provide a more detailed project risk register and any updated versions as the project progresses.

Any increase in risk levels or new/critical issues should be raised with Salix as soon as these are identified so that we may support you in minimising the impact of these issues on completion of your project and claiming your full Public Sector Decarbonisation Scheme grant funding.

## Project governance checklist

Some key questions we recommend addressing from the outset of the project include:

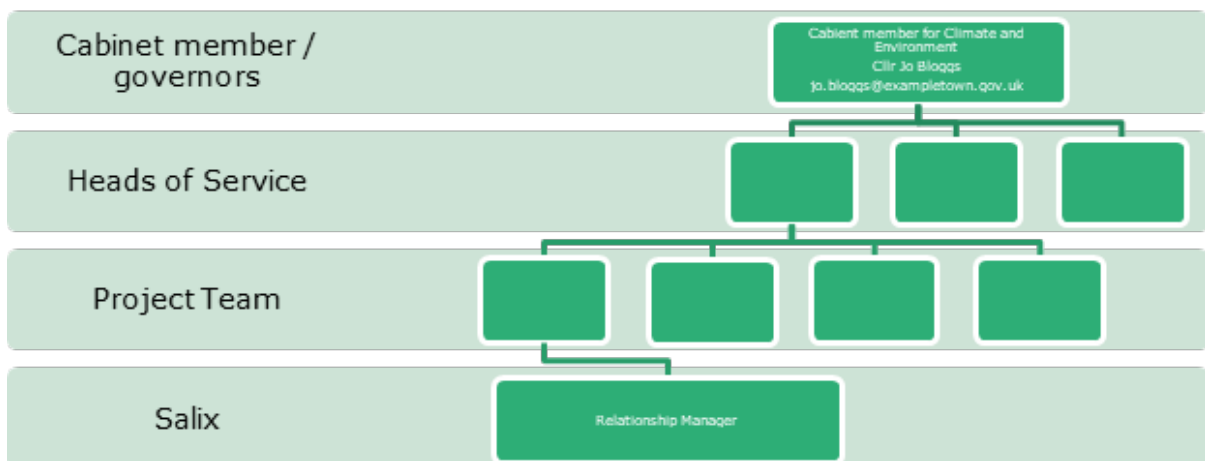
Project governance	
	<p>Have those with responsibility for your Public Sector Decarbonisation Scheme project been identified?</p> <ul style="list-style-type: none"> <li>• Main contact</li> <li>• Authorising official (AO)</li> <li>• Delegated authority – who can sign key documents such as payment requests on behalf of your authorising official?</li> </ul>
	<p>Have you appointed a project sponsor and/or project board/steering committee to provide:</p> <ul style="list-style-type: none"> <li>• Oversight for the work undertaken by the project manager and team</li> <li>• Accountability for the successful delivery of your project</li> <li>• Responsibility for decision making</li> <li>• Ensuring compliance with procurement and financial policies and procedures</li> </ul>
	<p>Has the project/programme of works funded by the Public Sector Decarbonisation Scheme been approved at the necessary levels?</p>
	<p>Is independent assurance over project spend conducted, such an internal or external audit?</p>
Project management, monitoring and reporting	
	<p>Are roles and responsibilities for project delivery defined at both board and project levels?</p>
	<p>Is a process agreed for producing project monitoring reports to communicate project status at regular intervals to the project stakeholders (including Salix)?</p>

	Is there a process in place to ensure that project/programme risks are managed, regularly monitored and reported to the steering committee/board/project sponsor and Salix?
	Do you have procedures in place to ensure efficient communications and so that issues are escalated and de-escalated in a manner that supports timely and informed decision making?
	Does your project management team have systems and processes in place to keep track of Public Sector Decarbonisation Scheme project progress, expenditure, technologies, risks and issues at each site?
Financial planning and grant payments	
	<p>Has the responsibility for financial budgeting and forecasting of expenditure related to this grant been assigned?</p> <ul style="list-style-type: none"> <li>• Will financial reports be prepared on expenditure relating to this grant?</li> <li>• Has a dedicated project account code been set up to track project income and expenditure?</li> <li>• Is there sufficient contingency in place and a process in place for seeking approval of budget changes, should project costs increase?</li> </ul>
	<p>Is the team managing the project expenditure aware of the Public Sector Decarbonisation Scheme requirements for the minimum recipient contribution? At a minimum this will be 12% of your total project costs but could be more if the like-for-like replacement cost of the existing heating system is greater than 12%. If unsure, please ask your relationship manager.</p> <p>Is there a process in place to ensure these requirements are met, including monitoring where the value changes (for example, if the project scope changes or the total costs increase)?</p>
	Are there procedures in place to ensure that expenditure claims submitted to Salix are accurate, complete and comply with your financial and procurement policies?
	Do you have processes in place to meet relevant deadlines and evidence requirements for submitting sufficiently evidenced payment requests to Salix in line with the agreed forecast?
	Are invoices from suppliers and contractors supported by an adequate breakdown of costs incurred to evidence specific purchases, installations, services provided etc. to satisfy Salix and audit requirements to evidence spend?
Procurement, tendering and contract management	
	<p>Have you complied with your procurement controls to ensure:</p> <ul style="list-style-type: none"> <li>• Spending has been for the purpose intended, in line with your Grant Offer Letter?</li> <li>• Procurement/spending decisions represent value for money?</li> <li>• Internal financial delegation levels are complied with?</li> </ul>

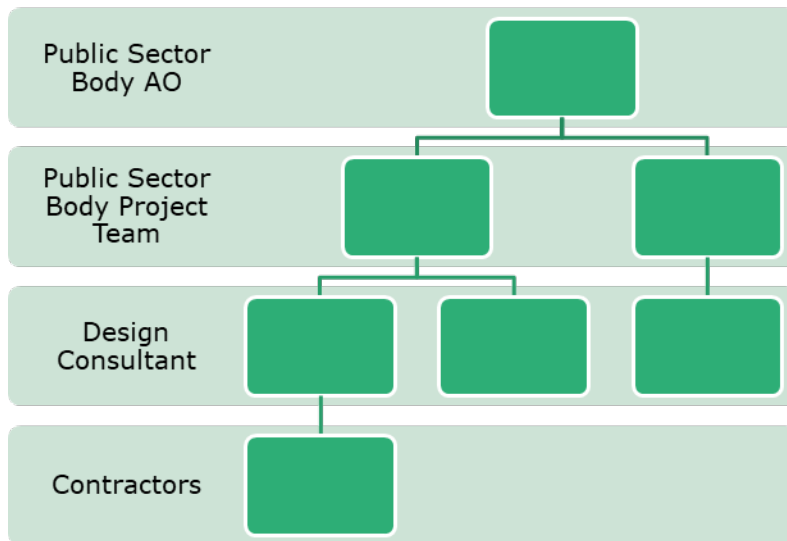
	<ul style="list-style-type: none"> <li>• A competitive tender policy is in place and applied?</li> </ul>
	Do you have measures in place to manage any conflicts of interest and is there a process for ensuring evidence to demonstrate compliance is retained?
	Are there contracts in place with suppliers, signed by the appropriate member of the board/committee overseeing the project, with clear deliverables, costs and timescales?
	Are robust contract management controls in place and complied with to monitor contractor performance and ensure contractors deliver to the time, budget and quality standards required by the Grant Offer Letter and contracts?
	Where risks and issues with contractor performance are identified, are these escalated to the board/committee for consideration and decision making where appropriate?
	Is monitoring, progress, cost and other information received from suppliers and contractors scrutinised prior to inclusion in monthly monitoring reports and payment requests sent to Salix?
Counter fraud measures	
	Do you have a counter fraud, bribery and corruption policy and a response plan for dealing with potential instances of fraud, bribery and corruption?
	Have you established a fraud log, with adequate processes in place to ensure all losses or events are recorded?

## Examples

### Internal project governance structure



## Post tender project governance structure



## Experience

- Has your public sector body completed any other similar decarbonisation projects on your estate?
- Have any of your team members been involved with decarbonisation projects in other jobs?
- If not decarbonisation projects, what other capital projects do you have experience of completing?
- What similar projects have your chosen consultants and contractors completed?
  - Have they been involved in other Public Sector Decarbonisation Scheme projects?
  - Have they provided any case studies as part of their tender submission?
- Have your chosen consultants and contractors provided an overview of their project management team structure and roles?
- Have your chosen consultants and contractors provided a realistic project programme taking into consideration key risks and allowing contingency for any delays or issues?
- Have you ensured that your chosen consultants and contractors are familiar with the relevant Public Sector Decarbonisation Scheme processes (particularly surrounding evidence required to claim funds and forecasting)?