

Agenda item 6.9.1.4 Queen Victoria Market Precinct Renewal - Program Governance Plan

Council resolved to consider this item in open session.

The purpose of this report was to provide an update on project governance and seek approval of Program Governance Plan Queen Victoria Market Precinct Renewal Program.

Resolved:

1. That Council:

1.1. Approves the Program Governance Plan for the Queen Victoria Market Precinct Renewal.

1.2. Makes this resolution public.

Management report to Council

Agenda item 6.9.1.4

Other confidential matter

Council

Queen Victoria Market Precinct Renewal – Program Governance Plan

28 July 2015

Presenter: Rob Adams, Director City Design and Projects

Purpose and background

1. The purpose of this report is to provide an update on project governance and seek approval of Program Governance Plan Queen Victoria Market Precinct Renewal Program.
2. Future Melbourne Committee at its meeting of 11 February 2014 endorsed the Queen Victoria Market Precinct Project Governance Framework.

Confidentiality

3. The information contained in this report has been designated as confidential information by the Chief Executive Officer (CEO) because it contains information about proposed partnership arrangements.

Key issues

4. The Program Governance Plan for the Queen Victoria Market Precinct Renewal (Attachment 2) outlines how the governance structure will operate during Phase Two – Implementation of the Queen Victoria Market Precinct Renewal Program (The Program). As the Renewal progresses, management will continue to keep governance structures under ongoing review to ensure they remain well suited to the stage of development.
5. The Program Governance Plan will replace the current Queen Victoria Market Precinct Project Governance Framework, February 2014.
6. The Program Governance Plan has been prepared recognising the inherent complexities and existing relationships. It outlines a structure that will seek to ensure that the design and implementation of the program is agreed through effective liaison and partnership between the Council and its subsidiary company the Queen Victoria Market Pty Ltd.
7. As the owner of the Market and municipal manager of the precinct, Council is accountable for decisions to commit public funds and for the outcomes of that public investment. Council has accountability for delivering the Program in liaison with the Queen Victoria Market Board and management.
8. A Program Control Group (PCG) chaired by the CEO of the City of Melbourne will be established and include the Director City Design and Projects, CEO Queen Victoria Market and two External Advisors. The PCG will ensure that the Program is designed and delivered within the Program plan and budget as agreed by Council and will minimise negative impacts of the Program on the operations of the Market.
9. The Chair and Deputy Chair of Queen Victoria Market Pty Ltd have been consulted and support the revised arrangements.

Recommendation from management

10. That Council:
 - 10.1. approves the Program Governance Plan for the Queen Victoria Market Precinct Renewal
 - 10.2. makes this resolution public.

Attachments:

- 1 Supporting Attachment
- 2 QVM renewal program

Supporting Attachment

Legal

1. No direct legal issues arise from the recommendation from management.

Finance

2. A detailed funding and financing strategy for the Queen Victoria Market Precinct Renewal Program will be undertaken following approval of the Queen Victoria Market Precinct Renewal Master Plan.

Conflict of interest

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report any conflict of interest.

Stakeholder consultation

4. Queen Victoria Market management contributed to the preparation of the Program Governance Plan for the Queen Victoria Market Precinct Renewal.

Environmental sustainability

5. Not applicable.

PROGRAM GOVERNANCE PLAN

Program Governance Plan

Queen Victoria Market Precinct Renewal Program

Program Management Document

Version

1.1

Date Created

Tuesday, June 09, 2015

Date Updated

Friday, 24 July 2015

Approvals

| Names | Signature & Date | Title |
|--------------------|------------------|------------------------------------|
| Ben Rimmer | | CEO |
| Jan Cochrane-Harry | | CEO |
| Rob Adams | | Director, City Deisgn and Projects |
| | | |

Distribution List

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| | | |

Revision History

| Date | Version | Modified By | Changes Made, Review History |
|------------|---------|--------------------|---------------------------------------|
| June 2015 | 1.0 | Rob Adams | Document creation |
| 13/07/2015 | 1.1 | Ben Rimmer | Content update |
| 14/07/2015 | 1.1 | Jan Cochrane-Harry | QVM Roles and responsibilities |
| 15/07/2015 | 1.2 | Alex Links | Clarify roles and edit |
| 17/07/2015 | 1.3 | Alex Links | Amendments as requested by QVM |
| 20/07/2015 | 1.4 | Voula Moutsos | Amnedments as requested by Ben Rimmer |
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1 PURPOSE

The purpose of the Program Governance Plan for the *Queen Victoria Market Precinct Renewal Program* is to explain how the governance structures will operate during Phase Two –Implementation of the Queen Victoria Market Precinct Renewal Program (the Program).

Given the complexity of the program and relationships, the structures outlined in this document will ensure that the design and implementation of the program are agreed through effective liaison and partnership between the main parties.

This Program Governance Plan describes:

- the make-up of the Program Control group (PCG) and any Program Team members if already known;
- the governance and controls that will be applied during Program including key responsibilities from all Program members; and
- the organisational boundaries within which the Program Team will be working.

2 BACKGROUND

Over the next decade, the Program will see a significant investment of up to \$250 million by the Melbourne City Council (Council) which aims to:

- Ensure the future viability of the Market as a profitable business asset for the Council and the Market's vendors by providing modern facilities within the heritage character of one of the world's largest markets.
- Enhance the City's northern precinct by providing community space and effective access to the market.

The Program's success in meeting these objectives will depend on an effective partnership between the Council and its subsidiary company the Queen Victoria Market Pty Ltd (QVM). The Council will finance and deliver the Program and bring knowledge and expertise to ensure that the Program is consistent with the Council approved City North Structure Plan. QVM will bring knowledge and expertise to ensure that the Program addresses the needs of the traders and the customers of the market and contributes to the best business models and approaches for the Market operations.

Recognising the scale of investment, risk and priority the Program will use best practice project and program management disciplines to ensure timely and financially sustainable delivery. The Program will only succeed if traders and customers believe in the market's future. As a much loved icon of Melbourne, the Market has many stakeholders in addition to the traders and customers who create the Market experience that people love. Engagement with these stakeholders through every phase of design and development of the program will be fundamental to its success.

The adoption of the Masterplan in July 2015 completes phase one of the Program by putting in place an agreed framework for Phase Two implementation.

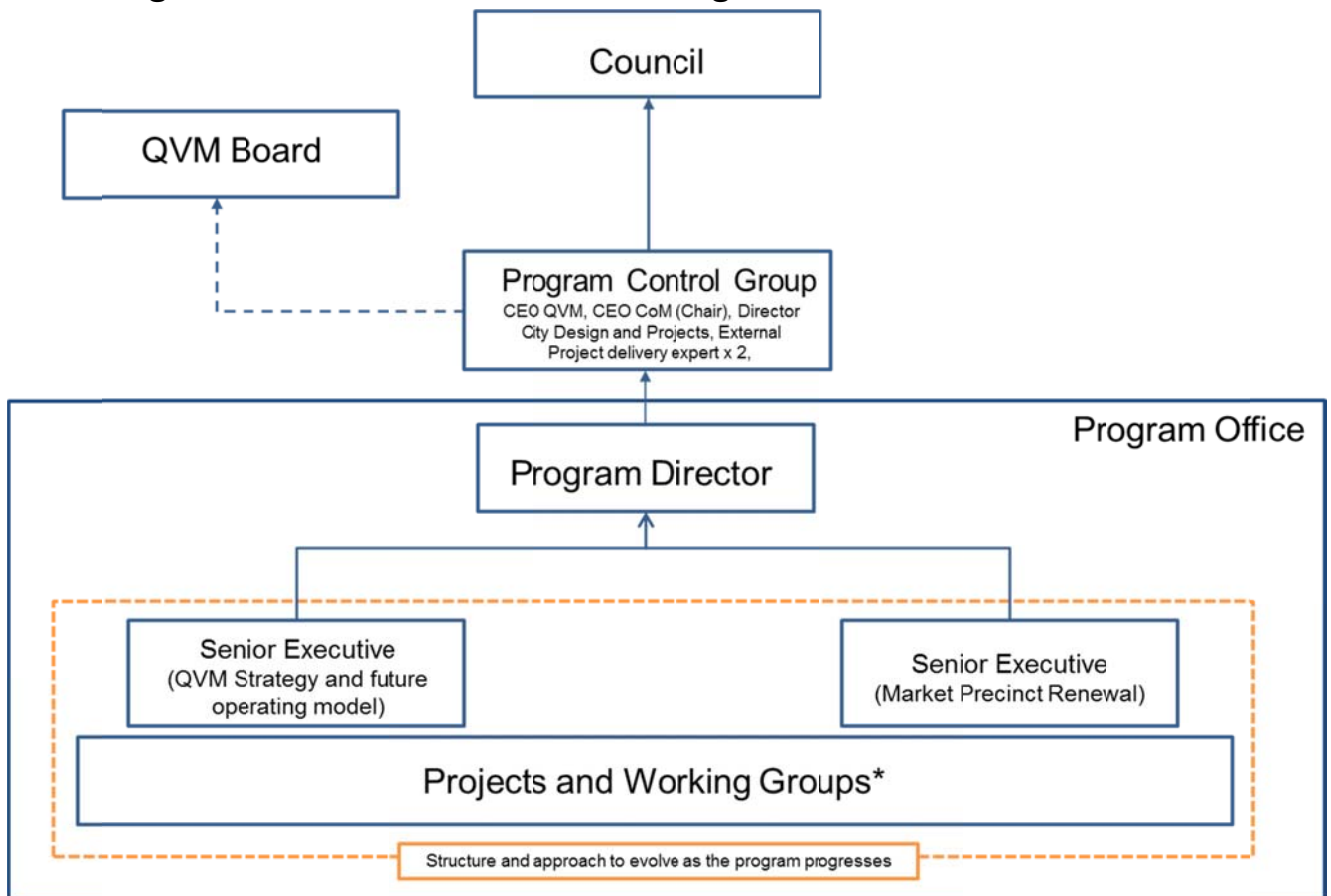
3 PROGRAM PRINCIPLES

The principles to which all those participating in the Program will adhere to are as follows:

1. Queen Victoria Market is an important place for the community of Melbourne and the State of Victoria. Decisions impacting on its future will be informed by a robust community engagement process.
2. Queen Victoria Market holds significant heritage value and has through phase one been put forward for listing on the National Heritage Register as a precursor to nomination for World Heritage Listing, and its ongoing viability and identity as a public retail market is central to this and will be at the forefront of considerations for its future.
3. The Program and its multiple components will be delivered through a dedicated governance structure based on a partnership between the Council and Queen Victoria Market Pty Ltd.
4. The Program Governance Plan will deliver a market precinct that meets strategic directions and operational requirements defined and agreed by Council and Queen Victoria Market Pty Ltd.
5. This is a long term program that will require resources to be allocated for consultation, planning, operations and building to ensure continuity and consistency over the Program duration.
6. The Program recognises the significant role the Queen Victoria Market plays in the economic viability of the City North precinct, Melbourne and the State of Victoria.
7. Council is the single point of overall accountability, while, QVM Board has ongoing accountability for the successful operations of the market and its strategic direction.
8. The Program will have an integrated delivery model with a single point of accountability for successful overall program delivery and single team mindset and structure. All staff of both organisations working on renewal matters will form part of this integrated delivery team.

4 PROGRAM GOVERNANCE AND TEAM

4.1 Program Governance Structure Diagram



**Project working groups will be agreed by Program Control Group*

4.2 Program Roles and Responsibilities

4.2.1 Melbourne City Council

Role

As the owner of the Market and the municipal manager of the precinct, Council is accountable for decisions to commit public funds and for the outcomes of that public investment. Council will take responsibility for delivering the Program as a capital works program in liaison with the QVM Board and management.

Responsibilities

- Approve the program objectives
- Approve the Program Plan, schedule and setting up of Program Office.
- Approve the Program funding strategy
- Approve Program capital and operational budgets and reports
- Approve the Program's design (scoping, definition, reference)
- Approve the delivery/procurement strategy
- Approve the strategy to achieve program benefits identified in the business case
- Sign-off the completion of each program phase, including the deliverables, and approve the commencement of any subsequent phase
- Ensure effective cross-government coordination

- Approve the risk management strategy, monitor the management of risks and take specific responsibility for any 'extreme' rated risks
- Receive advice from the QVM Program Control Group on all of the above

4.2.2 Queen Victoria Market Pty Ltd

Role

Queen Victoria Market Pty Ltd is responsible for the overall management of market operations. QVM Pty Ltd will represent the 'user/customer' interests in the Program and as such will define quality to ensure that outputs are fit for purpose and capable of achieving the planned outcomes and benefits for QVM and its stakeholders. QVM's strategic brief is the primary reference document for the 'user/customer' interests. It will support and collaborate in delivery of the Program and will deliver the business transformation component in liaison with the City of Melbourne.

Responsibilities

The PCG will provide advice to QVM Board and Council regarding the Program including:

- Program objectives
- Program plan
- Program funding strategy
- Program capital and operational budgets and reports
- Program's design (scoping, definition, reference)
- Delivery/procurement strategy
- Strategy to achieve program benefits identified in the business case
- Risk management strategy and the management of risks
- Strategic alignment of program objectives, including alignment to the strategic brief
- New business models for the market

The QVM CEO will contribute to the advice provided to the Board by the PCG and may also provide advice separately as requested by the Board.

In the event that the QVM Board does not agree with the advice of the PCG the Project Director will ensure that both views are provided to Council for consideration.

4.2.3 Program Control Group

Through the Program Director, the Program Control Group (PCG) ensures that the Program is designed, and delivered within the Program plan and budget as agreed by Council and will minimise that any negative impacts of the Program on the operations of the Market. The PCG is the formal point of accountability and control for the Program Director, and reports through the Chair to the Council. The PCG also ensures that the QVM Board has a full and complete understanding of Program status, and that the QVM Board has the opportunity to provide feedback.

Membership

- CEO City of Melbourne (Chair)
 - CEO QVM Management
 - Director City Design and Programs, City of Melbourne
 - External Advisor (complex major public programs experience)
 - External Advisor (retail and property manager)
- Assurance Functions- CFO CoM and CFO QVM

Roles and responsibilities

While all members of the PCG are accountable collectively for the overall program performance and outcomes, each member brings a particular perspective to the PCG that is valued and respected:

The CEO City of Melbourne

- Will have the primary role of chairing the PCG and ensuring timely reporting to Council and the QVM Board. This will include ensuring that sufficient and timely resources are available to meet the Program timelines.
- Approval and ownership of the Program business case ensuring that ongoing investment is justified and represents 'value for money' for CoM and its stakeholders.

The CEO QVM Pty Ltd

- Will have the primary role in determining the nature and operation of the QVM over the course of the Program and into the future to ensure its ongoing growth and success. This will include the development of the markets long term business plan and refinement of the strategic and functional brief for the future operational activities of the Market that can be used as the basis for the future design and development of the Market.
- Advice on the intended benefits articulated in the business case, including whether they are achievable and can be enabled through the delivery of the Program outputs.
- Accountable for realisation of future benefits that relate to the performance of QVM.

The Director City Design and Projects

- Will work with the members of the PCG and the Program Director on the development and delivery of the adopted Masterplan and Implementation Strategy that meets the requirements of Council for the renewal of the QVM in the context of the CBD North Structure Plan and fulfils the obligations under the State Government Agreement. Together with the Program Director, the Director City Design and Projects will work within approved budgets to ensure that the appropriate design and program management services are made available, and capable of fulfilling the above requirements.

The External Advisor(s)

- Will have known experience in the delivery of complex major public capital works programs and/or experience in retail and will assist the PCG in the guidance and monitoring of the Program. The primary role will be to advise on program discipline and overall conformance with expected standards of governance and retailing, and on the engagement with private sector development partners for the Munro and Sothern sites.

Terms of Reference for the PCG

1. Provide advice and recommendations to Council and the QVM Board on program design, future budget allocation and implementation strategy Provide advice and recommendations to Council on program risks and recommend risk mitigation options to ensure risks are managed within the agreed Risk Management Strategy.
2. Monitor the progress of the renewal strategy and identify any variances to budget or program that should be brought to the attention of the Council.
3. Monitor the performance of the Program in relation to the agreed objectives and budget of \$250 million.
4. Ensure delivery of benefits contained in the program business case align with the strategic objectives of QVM and CoM.
5. Approve and ensure implementation of an appropriate benefits management strategy.
6. Ensure effective liaison between the Council, the QVM and the City of Melbourne administrations to achieve the objectives of the program.
7. Monitor stakeholder relations at a community and political level.
8. Provide oversight and guidance on the management of the program, lend support and provide advice and advocacy between the Program and the Council and the QVM management structures.
9. Ensure effective liaison between the Program Director and the relevant QVM and Council staff to maximize the benefits of the Program to the precinct and the market operations and business strategy.
10. Ensure the Program meets the requirements of the QVM strategic brief or engage with QVM board to adjust the brief accordingly.
11. Identify the potential need for remedial actions and/or strategic intervention, and escalate to the Council and the QVM Board as appropriate on a timely basis.
12. Ensure probity of all procurement decisions.
13. Secure external assurance on key Program decision making where appropriate.
14. Develop an effective stakeholder and communication strategy and oversee the communication of information about the program to stakeholder groups as necessary.

The Program Control Group will develop a Charter that covers:

- Meeting principles (frequency and location, attendance, quorum, use of proxies, briefings and papers, minutes).
- Monthly briefings on program progress to Council at Councillor Forum.
- Monthly briefings on program progress to QVM Pty Ltd. board at scheduled board meetings.
- Decision making and dispute resolution.
- Performance standards and review process.

4.2.4 Program Director

Role

The Program Director's role is to manage the delivery of the Program.

The Program Director will be employed by the City of Melbourne and will report through the Director City Design and Programs to the CEO of the City of Melbourne. The Director City Design and Programs will effectively manage and support the Program Director on a day to day basis in the setting up and running of the program through the Program Office.

Responsibilities

- Manage and Coordinate of all aspects of the Program to ensure delivery is on time, within budget and within the policy framework determined by the Council through the PCG. This includes ensuring that all capital works and business transformational components are effectively managed having regard to operational dependencies.
- Inform the PCG on issues and risks, principally through delivery of regular reports to the PCG.
- Manage the approved budget for Phase Two – Implementation and support development of the City of Melbourne's long term funding strategy including a comprehensive multi-disciplinary Program plan and a business case for approval by the PCG that links to the vision and strategic objectives of QVM and CoM.
- Liaise regularly with the QVM Pty Ltd CEO and the Council's Director City Design and Projects to ensure market operational matters and relevant City of Melbourne management and reputational requirements are at the forefront of program decision making.
- Engage with and manage stakeholders acknowledging that the project's success will depend on market traders, customers, State agencies and the broader community embracing the Program outcomes.
- Align the Program with key strategic documents including the QVMPR Master Plan and the long term business plan of the QVM and provide early advice to the PCG on potential conflicts as they may emerge in respect of these documents.
- Implement a risk management framework and mitigation strategies for strategic, operational and implementation Program risks and elevate any risks not directly controlled by the position to the PCG.
- Establish the governance arrangements for all sub projects all (including the development of their terms of reference and chairing where appropriate).
- Participate in and advise on negotiations with the State and any related dealings and ensure the Program meets all the deadlines set down in the agreement between the City of Melbourne and the State Government.
- Formulate working group programs and annual works, resources and community engagement plans for presentation to the PCG and the QVM Board in time for consideration by Council as part of its annual Budget cycle.
- Work with the PCG to appoint a team to successfully manage and deliver the Program.