Discussion Paper:
Project Management – Service Provision

1.0 Introduction

The purpose of this discussion paper is to outline the mechanisms that can be used by the university to provide the project management (PM) service in line with the role and responsibilities of the function that was produced in the 'Project Management – role and responsibilities' report.

The Project Sponsor Krishna Persaud and Project Manager Constantinos Astreos had a face-to-face meeting with representatives from Arttic, an external consultancy, which specialises in the provision of management services for European projects. A similar meeting was held via teleconference with Gabo, an external consultancy based in Munich, Germany and which manages a European project (SYSMEDIBD) that is coordinated by the University of Manchester. There was also contact in the past with a UK based company called Kite Innovation Ltd which assisted the University of Manchester in the negotiation of consortium agreements.

2.0 Role of the coordinator

In the European Framework Programme the project coordinator is responsible for the tasks defined in Article II 2.3 of the ECGA (European Commission Grant Agreement) and represents the whole consortium to the EC. The coordinator's tasks cannot be subcontracted to a third party or be undertaken by any of the other consortium partners. In general, the EC does not permit the financial management of the consortium to be subcontracted to third parties.

In a collaborative European project it is mandatory that the coordinator undertakes the following tasks:

Negotiation
- GPFs check and submission
- Grant agreement check and submission
- Budget – compliance check against EC rules

Implementation
- Distribution of pre-financing
- Keep records of financial accounts i.e. account for distribution of funding to all partners.
- Inform EC of the distribution of funding to partners and date of transfers.
- Review the reports before submitting them to the EC.
- Monitor the compliance by all partners with their obligations under the GA.
- Consortium agreement set-up/drafting, negotiation with partners.
- Amendments to the Grant Agreement.
- Maintenance of the Consortium Agreement.

- Consultation on sub-contracting/tenders.

Any other management tasks that are not listed above can be performed by any of the other project partners. However, the external consultancy Gabo become a partner in the consortium and undertake to act on behalf of the coordinator and perform a number of the tasks above e.g. preparation of the Consortium Agreement. Gabo will provide all outputs of the above activities to the coordinator for final approval.

In addition, any scientific coordination of the project can be carried out by any of the project partners. The tasks of scientific coordination will be reimbursed as research and technological development activities (i.e. 50%, 75% reimbursement rate). The partner that undertakes the scientific coordination will not be considered as the project coordinator.

3.0 In-house Vs. Outsource project management

There are two options that the university can consider to provide a PM service for EC funded projects; a university based team of project managers (In-house PM) and the use of external consultants (Outsource PM). Appendix 1 outlines the advantages and disadvantages of both options.

3.1 In-house project management

Currently coordinated projects in UNIMAN recruit their own project managers. This can only be done when an individual project can justify the recruitment of a FTE or a School recruits a project manager to manage a number of small projects.

Alternatively the university can develop its own project management capability which can be allocated to coordinated projects from a pool of project managers as and when it is needed. This can be organised as a single UNIMAN based team which will support academic staff across all faculties and schools. Project managers are not required to have specific scientific expertise although having a high level of understanding of scientific objectives and goals of any given research project can help develop good communication with the partners.

3.2 Outsource project management (External consultancies)

The second option is to form links with one or more external consultancies which provide a PM service to EC funded projects.

3.2.1 Service provision by external consultants

Most external consultants offer a range of services. The most common of these services are as follows:

- Develop new projects by turning ideas into a viable EC project.
- Find the right consortium partners for the project.
- Write the project proposal.
- Negotiate the contract.
- Provide project management resources.
- Turn the R&D results into products and services.
- Provide support with EC relations and operations.

The external consultant can provide PM services in one of the following ways:

a) Become a project partner

The project coordinator will invite the external consultancy to become a partner in the consortium earlier on, before the proposal is submitted. The external consultancy will be assigned the execution of the Management workpackage and in certain cases the dissemination activities. The costs for providing project management will be included in the proposal.

This is the most common approach used for engaging an external consultant and is favoured by both Arttic and Gabo. These two external consultancies tend to differ on the type of proposal preparation service they offer. Arttic takes an active role in the coordination and writing of the proposal (for a fixed fee) whereas Gabo coordinates the preparation of the proposal between the partners and reviews the final proposal (free of charge).

b) Coordinator subcontracts PM

In certain projects (small projects, 7-8 partners), it may be possible for the coordinator to subcontract the project management part of the project to an external consultant. This will need to fulfill the rules of the ECGA and also obtain prior approval from the EC.

Subcontracting will require the coordinator to follow the EC rules for subcontracting and may prove to be time consuming and complex. This is the reason that most external consultancies prefer to become a project partner.

c) Secondment of staff in UNIMAN

This is an option that will need to be discussed and agreed with individuals outside the university or directly with external consultant companies. Agreement will need to be reached on the skills required and length of time of the secondment. The difference from (b) above is that the individual consultant

becomes a UNIMAN member of staff for a fixed period of time. The three external consultants we contacted prefer to engage as a project partner.

3.2.2 Payment methods

There are various payment options that external consultants will be prepared to discuss and negotiate with universities. In most cases, all services that the external consultants will offer, except the project management service, will carry a fee. The costs of project management will be covered by the awarded grant.

a) Up-front agreed fee

The fee (plus travel expenses) is paid to support the development and preparation of European proposals. The amount may vary according to the funding instrument to which the proposal is being submitted. For small/medium sized projects, Kite Innovation Ltd charges £8k (expenses capped at 10%) and for large integrating collaborative projects £12k (expenses capped at 20%). Arttic charges a lump sum fee of £20k -£30k depending on the size of the project.

b) Success fee

A success fee is paid when he external consultancy assists in the preparation of the proposal and the formation of the consortium and the proposal is successful in receiving the grant funding from the EC. The amount will vary depending on the formulae that the external consultants will use. Arttic do not charge a success fee, only an up-front agreed fee. Kite Innovation use a formulae which calculates a success fee as a percentage of net indirect costs.

c) No up-front agreed fee or success fee

The external consultancy offers to facilitate the formation of the consortium and provide advice and guidance during the preparation of the proposal free of charge. Gabo provides this type of service, however there is the expectation that should the proposal be successful Gabo will join the consortium as a partner and undertake the project management activities.

d) Project Management Service fee

The external consultant will include all its costs in the project proposal for all project management activities including dissemination. The consultant will either become a partner in the project or be subcontracted (where permissible) to undertake the PM activities.

It needs to be pointed out that in the case that UNIMAN is the coordinator and the PM function is allocated to another partner e.g. a consultancy, there will still be certain tasks which will be mandatory to be undertaken by the coordinator (see section 2.0).

4.0 Proposed Project Management Service

At this stage the university is considering the provision of a PM service as it was previously defined in the document 'Project Management – role and responsibilities'. In terms of quality of service it is difficult to compare and evaluate the quality of service that will be offered by the above two options. The quality of service may vary amongst different consultancies. The service that is currently provided by both Arttic and Gabo to UNIMAN coordinated projects is of very good quality and meets the requirements of both the UNIMAN PI and the consortium partners.

The decision on whether to develop an in-house PM service or use external consultants for PM will need to be based on how the university believes that the needs of the university and academic staff will be met in a sustainable, effective and efficient way.

In the light of the advantages / disadvantages of the in-house and outsource project management services it is proposed that the University of Manchester considers and evaluates further through a business case, the formation of a single team of staff which will work across all faculties and will have the capabilities to perform the role and responsibilities that was outlined in the document 'Project Management – role and responsibilities'. The use of external consultancies should not be excluded as there will be academic staff who due to a variety of reasons will still prefer to use external consultancies for PM e.g. in cases where the PI requires specialist skills or has already established a good working relationship in previous projects.

In order to offer adequate support to academic staff who wish to coordinate European projects it is proposed that:

- A PM service is developed to operate across all faculties. The PM service will be set-up as a single team of project managers and will support all academic staff who wish to coordinate European projects. The service will also consider extending the provision of PM to other types of research projects.

  o The PIs will follow the proposed process for PM service provision (outlined in Appendix 2)

  o The PM service will only accept the management of projects for which it has agreed costs prior to submission.

  o Any successful project proposals which request the PM service after the grant is awarded will be considered on a case-by-case basis. This also

applies to projects that opted not to use the PM service and in the duration of the project they urgently require PM due to unforeseen circumstances e.g. the project manager leaves during the project.

- o The budget for project management will be ring-fenced and only be paid for project management as agreed in the PM agreement with the PI.

- It is proposed that the PM team builds links with a number of external consultancies in order to:

  - o Meet demand for PM in cases where there is not enough PM capacity at UNIMAN.

  - o Assist in the formation of the consortium and the preparation of the proposal. The consortium partners will share the cost of this service.

  - o Require specialised expertise for the dissemination of project results.

- Academic staff who do not wish to use the PM service will still be able to recruit a project manager specifically for their own project or contact directly an external consultancy and negotiate the provision of project management. The PM service will have no involvement in this process.

- It is recommended that in all cases where UNIMAN is the coordinator and external consultancies join consortia as partners in order to undertake the project management, the UNIMAN retains the right to undertake all the mandatory coordinator tasks.

- In order to mitigate the risk of underutilisation of project management resources it is recommended that the PM service has the flexibility to:

  - o Undertake the dissemination work of European projects.

  - o Extend its services to non-EU projects e.g. projects from other international funders like the NIH, World Bank etc. and also UK funders like the EPSRC and MRC.

Appendix 1

In-house Vs. Outsource project management

In-house project management	Outsource project management (External consultancies)
Advantages	***Advantages***
• Develop and retain skills and expertise for future use.	• Project management resource can be made available at the start of the project; no need to wait 2-3 months after the start date to recruit a project manager.
• Project managers will be part of a single team. This will enable them to learn from each other and apply best project management practice.	• Availability is not dependent upon excess capacity.
• Working as part of a single team, economies of scale will be achieved and continuity of service will be provided in cases of absence.	• Availability of experienced staff; no need to invest in training.
• Able to cost and name specific project managers at application stage.	• Availability of new methods of working and best practice.
• Funding intelligence, contacts, business relationships are maintained and can be revisited in the future when applying for new funding.	• It will be easier to deal with the problem of low quality project management as the change of a project manager can be negotiated fairly quickly.
• Develop close contact with other European administrators will encourage the use of best practice processes and improvement of UNIMAN internal processes.	

Disadvantages	Disadvantages
• Difficult to cope with demand peaks as it takes time to recruit new staff.	• The university will need to allocate management time to manage the relationship with the provider of the outsource project management services.
• Need to train staff on EC funding developments.	• The external provider will not be familiar with the university's internal EC funding processes.
• Risk of not having all project management staff allocated to EC funding projects i.e. have excess capacity	• Project management skills will not be retained internally.
	• The university will not benefit from EC contacts that will be made during the project.
	• The university will rely on external consultants to provide feedback which will be necessary in order to improve and redesign its internal support processes.
	• As a coordinator and leader of a project the university runs a reputational risk by relying on an external consultancy to manage the project successfully.
	• The provision of poor quality management may require corrective action; possible failure to identify such failures and take remedial actions may jeopardise the scientific/technical success of the project.

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April 2013

Appendix 2

Proposed internal (UNIMAN) process for PM provision

In most cases the provision of the PM service to PIs in UNIMAN will follow the steps listed below:

1. The PI has a project idea and wants to develop it into a European project proposal.

2. First point of contact for guidance and advice is the Faculty European Development team.

3. The PI seeks guidance and advice from the Faculty EU Funding & Development team.

4. When the PI decides that UNIMAN will coordinate a project, the European & Development Manager will make aware to the PI of the UNIMAN Project Management service.

5. Should the PI wish to consider the UNIMAN PM service the PI should contact the service.

6. UNIMAN PM service will provide details of the activities it will undertake to perform.

7. PI discusses details of the proposal with PM service and EU Funding & Development team and a decision is made on whether the UNIMAN PM service will be used or consider other options e.g. an external consultancy or recruit a project manager specifically for that project.

8. If the UNIMAN PM service will be used, the PM service assesses the proposal and provides an estimate of the PM effort required and a copy of the Project agreement (details the tasks and responsibilities that the PM service will undertake).

9. The PI may contact the PM service for advice (see PM tasks / activities in 'PM role and responsibilities).

10. An internal Project agreement will be signed with PI and PM service outlining PM cost and effort to be allocated.

11. Should the proposal be successful, the PM service will allocate the execution of the agreed management tasks to a member of the PM team.