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Public Administration and Constitutional Affairs Committee

Delivering the Government's infrastructure commitments through major projects

Third Report of Session 2019–21

Report, together with formal minutes relating to the report

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Public Administration and Constitutional Affairs Committee

The Public Administration and Constitutional Affairs Committee is appointed by the House of Commons to examine the reports of the Parliamentary Commissioner for Administration and the Health Service Commissioner for England, which are laid before this House, and matters in connection therewith; to consider matters relating to the quality and standards of administration provided by civil service departments, and other matters relating to the civil service; and to consider constitutional affairs.

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The Government has promised the largest investment in infrastructure for decades. The £640bn promised in the Budget speech[1] and £5bn[2] of Coronavirus "bounce-back"[3] investment is earmarked for transport, schools, housing and other key infrastructure across the country. The Government hopes that this will boost growth and lead to a "levelling up" of the national economy. However, this investment needs to be well thought through, responsive to local need, and delivered through effective, efficient and transparent major projects if it is to achieve those aims. Importantly, it should not be invested too quickly and without due consideration of its purpose.

This Report considers how the Government should run its projects with a focus on its economic and "levelling up" goals. It finds that:

- The Government needs to define what it means by "levelling up" and set out a coherent plan for co-ordinated infrastructure investment that will deliver long-term benefits. The Committee calls on the Government to publish its infrastructure strategy as soon as possible. The Government also needs to complete the promised update to the HM Treasury Green Book so that investment can be appraised within that new framework.

- Individual projects should be set up and run with a focus on achieving stated benefits. The benefits stated at the outset of the project are the very reason that spending on that project was justified in the first place. Too often, projects set out to achieve benefits that transpire to be unrealistic, and as those projects progress the focus shifts from the benefits to time and cost. A project cannot be deemed to be successful, even if it completes on time and within budget, if it does not achieve what it set out to do. The Committee has called for a greater focus on benefits, better reporting of benefits throughout the life of a project, and proper follow-up after completion.

- Often project managers and ministers commit to estimates of time, costs and benefits too early that later transpire to have been optimistic or unachievable. These early estimates can shape a whole project and lead to reductions in benefits as project managers struggle to deliver what was promised. The Committee believes that more time should be invested in the early work, including on the business case, before announcements are made. Estimated costs should also be considered in ranges, which allow for risks to be taken into account.

- Local people must be consulted about major infrastructure being built in their area, and this should happen during decision making and not after.

- It is clear that the Civil Service needs the right people with the right skills to deliver these major projects. The Committee welcomes efforts that have been

1 HM Treasury and the Rishi Sunak, Budget Speech 2020, HC Deb 679 Col 279 11 March 2020

2 HM Treasury and the Rishi Sunak, A Plan for Jobs 2020 speech as delivered by Chancellor Rishi Sunak, HC Deb 8 July 2020 Vol 678 Col 973

3 Q64

made within the project management function to upskill, but the Government must consider whether a separate and more competitive pay-scale would be feasible to retain people throughout the life of the project.

- Poor ministerial decisions, with a focus on short-term goals, can undermine projects and lead to longer-term costs. The Committee welcomes the new training programme for ministers and asks that all new ministers with major projects within their portfolios undertake this training early in their tenure.
- Transparent and accurate reporting of project data is essential for parliamentarians and local people to hold the Government to account for delivering against its promises. The Committee would like to see better and more timely data, with a focus on benefits-realisation.

Major projects remain the primary mechanism through which each Government delivers the major changes it promised. The Government must take the steps recommended in this Report if we are to see lasting benefits of its infrastructure investment.

1 Introduction

1. The Government has committed to spending on major infrastructure as a means to boost the economy and "level up". This Report focusses on how the practice of managing major projects can support that aim, starting with understanding the context and purpose of the investment. Our predecessor Committee conducted an inquiry on major projects which concluded with an interim report[4] published in November 2019. The 2019 report considers Central Government oversight, Civil Service capability and skills, churn and conflicts of interest, political pressure in planning, and evaluating benefits. This Report should be considered complementary to the interim report. It draws on the work of our predecessor Committee but does not duplicate that work, instead shifting focus onto the pressing question of how the Government should make the most of promised infrastructure investment through its major projects.

2. This Report looks at:

- the framework for infrastructure investment through major projects, including achieving the Government's objectives to boost economic growth and "level up" the national economy;
- delivering major projects which grow the economy and "level up", including capability and skills; and
- transparency of project delivery, including ensuring that parliamentarians and the public have good information to hold ministers and officials to account for delivering the benefits of infrastructure investment.

3. The Committee launched the inquiry on 9 March 2020. It held three evidence sessions and received 13 written submissions. We would like to thank all those who gave evidence to the inquiry.

4 Public Administration and Constitutional Affairs Committee, The Governments Management of Major Projects: An Interim Report. HC303. 31 October 2019

2 The framework for infrastructure investment

Background

4. Government major projects include infrastructure and construction, IT, transformation of Government services, and military capability. The Infrastructure and Project Authority (IPA) oversees the Government Major Project Portfolio (the GMPP) which contains 125 projects worth £448bn.[5] These are the largest, most risky and most innovative of the projects, and only a fraction of the total projects run by Government. Projects on the GMPP are run by the responsible department(s) but subject to scrutiny by the IPA, and are the easiest for the public to scrutinise because of the data that the IPA publishes annually. Many substantial projects do not meet the criteria for inclusion in the GMPP and do not, therefore, have central Government oversight. There is far less information on those projects outside the GMPP.

5. Following the 2019 General Election, the Government announced large investment in infrastructure, including road, rail and broadband. The 2020 Budget promised £640bn of investment for projects across the UK which the Government stated would drive growth and "level up economic opportunity".[6] In Spring 2020 the Chancellor announced a further £5bn infrastructure investment to support economic regeneration after Coronavirus.[7] When Jesse Norman, the Financial Secretary to the Treasury, gave evidence, he described the additional £5bn as "a specifically Covid-related bounce back initiative. It is a couple of billion pounds."[8]

6. This investment will happen through major infrastructure projects. This Report considers how the practice of project management can support the Government to achieve its growth objectives through investment in major infrastructure.

The economic case for major infrastructure projects

7. The Committee heard that good infrastructure projects can support and enable economic growth. Tom Thackray, CBI Director of Infrastructure, told the Committee that "major projects can play a fundamental role in economic prosperity", and that "every £1 spent on construction generates £2.92 for the wider economy".[9]

8. The Government's objective for infrastructure is to boost economic growth and level up across the country. Explaining the promise to "level up", Lord Agnew, Minister for the Cabinet Office, told the Committee that:

> some areas have done far better out of infrastructure than others. London has done particularly well, whereas other parts of England have not done so well and there is recognition of the need to try to correct that, to ensure that we govern for the whole of Britain.[10]

5 Infrastructure and Projects Authority, Infrastructure and Projects Authority annual report 2020, 9 July 2020
6 HM Treasury and the Rishi Sunak, Budget Speech 2020, HC Deb 679 Col 279 11 March 2020
7 HM Treasury and the Rishi Sunak, A Plan for Jobs 2020 speech as delivered by Chancellor Rishi Sunak, HC Deb 8 July 2020 Vol 678 Col 973
8 Q64
9 Q4
10 Q60

9. Jesse Norman told the Committee that "there is a desire to drive up economic growth and productivity overall but also across the country, as part of what the Prime Minister has called the levelling up agenda."[11]

10. Evidence collected by the Committee demonstrated that, while there is broad agreement that levelling up is a positive aspiration, it is not always clear what levelling up means in practice. Professor Henry Overman, of the London School of Economics, told us that "it is unclear what people mean. What I would say is that every Government comes in with a version of this aspiration."[12]

11. Professor Overman went on to explain that, for a levelling up policy to be successful in addressing inequality, it needs to propose an appropriate solution to a clearly defined problem.[13] He explained that one sensible way to think about levelling up is to look at opportunities for people in different parts of the country, and plan policies which boost those opportunities in worst performing areas. He stated that this was better than taking a more simplistic economic measure (such as wages) and looking to bring all areas to the same point.[14]

12. The Committee put the question of what levelling up means in terms of infrastructure to the responsible Government ministers. Lord Agnew explained that some areas have benefitted from infrastructure more than others (citing London as an area that had benefitted particularly),[15] and that the Government recognised a need to correct that. Jesse Norman explained that, in his view, infrastructure was not just about economic outcomes but also about "identity". He stated "a place thinking of itself as special because of a piece of infrastructure, because people have invested in it locally, emotionally as well as financially—that really can drive high levels of entrepreneurship and significant social change."[16]

13. The Committee heard that while infrastructure can be an enabler of economic growth it is not an end itself. Professor Overman explained that while "quite a lot of challenges [local economies] face will have nothing to do with the infrastructure they have in place,"[17] "major infrastructure obviously underpins the economic performance".[18]

14. As Tom Thackray explained, infrastructure projects can enable widening of labour markets and improvements in efficiency and travel, and they can facilitate competition and collaboration between different sorts of business.[19] James Heath, Chief Executive of the National Infrastructure Commission, told the Committee that

> [infrastructure] is the means, not necessarily the end in itself. It enables and facilitates, but other things will normally need to happen in addition if you want to have a major impact. Overall, there may be cases where infrastructure investment is far more influential… particularly removal of congestion in major cities, which can act as a major constraint on growth.[20]

11 Q60
12 Q10
13 Q3, Q7, Q11
14 Q10
15 Q60
16 Q85
17 Q3
18 Q2
19 Q4
20 Q37

15. Where infrastructure is not the immediate challenge faced, the Committee heard that better infrastructure could have wider or indirect benefits. For example, witnesses told us that skills were the major driver of economic growth and better infrastructure can facilitate the movement of different skills around the country.[21] Professor Overman explained that many disparities between areas are "caused by underlying composition to do with education and skills. We know that people who are more highly educated get a very large wage premium"[22] and, while he cautioned that infrastructure alone is not an automatic fix, he went on to say that infrastructure "can have a pretty big impact on where people are going to live and the composition of local labour markets. One way to achieve levelling up will be to get those people with degrees and so on to spread themselves out more equally across the United Kingdom, and transport might play a role in that."[23]

16. However, when infrastructure is not properly thought through, the benefits of investment might not be felt by the local community. Professor Overman told the Committee that 'white elephants' happen when projects "are not based on meeting reasonable challenges that the local or national economy face, but instead are sold as being a revolutionary, transformational project that will radically change around the fortunes of an area or of the economy as a whole."[24] He went on to say that: "[the Government needs] a clear statement of the problem that the project is trying to address, we then should be thinking about the options that would deliver on the objectives, and we should then move to a business case and a strategic case that are carefully articulated and subject to rigorous scrutiny."[25]

17. Sir John Armitt, CBE, Chair of the National Infrastructure Commission (NIC), went on to say that:

> we do not spend enough time on the 'why' because that is the difficult bit, and there are usually strong opinions that are already there as to why we should do something without properly understanding why we are planning to do it. Then the 'what' is what are the options and what are the ways in which we can deliver that strategic 'why'. Then the 'how' is how we are going to deliver it. We love delivery because we all think we understand delivery. The 'why' is where we need to spend more time, and then we stand more chance of getting the right issues in place when it comes to the 'what' and the 'how'.[26]

18. Tom Thackray further reinforced this idea of greater investment in the early stages of a project being beneficial, stating that an "upfront strategic case and business case enables the procurement and delivery phases to go much more quickly and with fewer hiccups."[27]

19. The Committee learned there were examples of Government projects where the economic case for investment was not linked to the outcomes of that investment. For example, the National Audit Office (NAO) report on projects leaving the GMPP found that the "Household Energy Efficiency programme delivered against its target of improving

21 Q12, Q15
22 Q12
23 Q12
24 Q7
25 Q28
26 Q52
27 Q28

energy efficiency in one million homes, but did not have targets or measurable goals for its wider objectives such as saving energy."[28] Gareth Davies, the Comptroller and Auditor General, gave an example in his written evidence, where he explained that the strategic case for HS2 referenced rebalancing the economy, but it was not clear whether or how the main measure of reduced journey times would improve economic outcomes. He stated, "the relationship between the strategic objectives of the programme, such as rebalancing the economy, and the largest quantified benefit in the economic case, journey times savings, was also unclear."[29]

20. Lord Agnew confirmed his intention to change the culture in Whitehall, stating that he wanted "much more detailed engagement at the time of the strategic business case, so that when the idea is conceived there is proper rigour around the objectives of that project, the cost of it and the methodology that is being used."[30]

Cross-Whitehall co-ordination

21. The Committee heard that infrastructure investment needs to be properly co-ordinated if it is to achieve the most benefit. Government needs to take a cross-departmental approach to enable individual projects, but also it should co-ordinate better between complementary projects, and across the wider portfolio of infrastructure investment.

22. Sir John Armitt explained that successful initiatives to boost local areas usually involve a series of complementary investments. He highlighted the example of Salford Quays:

> [there were] some underlying transport improvements alongside major business investment. A chunk of the BBC moved there, ITV moved there and Salford University moved there to create a major, world-class media cluster. Transport was part of it, but a whole series of complementary investments had to take place to really turn the dial up.[31]

23. More broadly, the Government's portfolio of infrastructure investment needs to be nationally co-ordinated to ensure it is being put to best use. This Report considers improving investment outside of London and the South East later, but as Jesse Norman explained to the Committee, the Government needs to look across its portfolio so that a suite of investments can boost local economies and best serve the national economy. He stated:

> London does have an enabling effect to the rest of the country and the intellectual challenge is: how do you strip out that capital city gateway function from what you might consider its appropriate share of other resources? That is the nature of the argument and it is a very complex and difficult one to address.[32]

28 Report by the Comptroller and Auditor General, Projects leaving the Government Major Projects Portfolio, 19 October 2018

29 Public Administration and Constitutional Affairs Committee, Letter from Gareth Davies, Comptroller and Auditor General, response to PACAC major projects inquiry, 24.4.20

30 Q66

31 Q36

32 Q85

24. For these complementary investments to happen, and for individual projects to achieve the widest benefit, there needs to be cross-Government co-ordination. Sir John Armitt explained to the Committee that:

> the classic, of course, is between housing in MHCLG [the Ministry for Housing Communities and Local Government] and transport in [the Department for] Transport. The two things are inseparable. They have to be thought about together, but getting that done in a meaningful way is a real challenge.[33]

25. Most projects will involve a degree of co-ordination between departments and, as James Heath told the Committee "most infrastructure problems that you look at are really complex co-ordination challenges".[34] He raised the example of rural broadband, which involves considering the regulatory model, wayleaves, and planning law. Project X told us, in their written evidence, that "infrastructure, in the broadest sense, is crucial to economic prosperity yet we often fail to recognise the complexity of our infrastructure systems and their interconnectedness."[35]

26. The National Infrastructure Commission was tasked with the job overcoming these Whitehall silos. Its National Infrastructure Assessment, published in July 2018, states that "the Commission was set up to address the lack of long-term infrastructure strategy, siloed decision making in infrastructure sectors, fragile political consensus and short termism."[36]

27. Sir John Armitt told us that it was not the job of the NIC to co-ordinate infrastructure spending. He said that the Commission publishes impartial reports and that it should aim to get cross party support for sensible approaches, but co-ordination is the responsibility of the Prime Minister and the Cabinet Office.[37]

28. In response to this, Lord Agnew told us:

> I see this in my commercial portfolio as well … [when] spending control decisions come to me in the Cabinet Office and they arrive too late. They arrive at the point at which all the main decisions have been made, so it is very hard to be a critical friend, to challenge the thinking that has gone into it, because the boat has pretty much sailed. I want to move that whole process upstream, so that we can have those conversations at a point at which decisions can be properly debated and changed if necessary.[38]

Long-term infrastructure planning

29. The Committee heard that the Government needs to take a more long-term view when planning infrastructure, but often this is hindered by a desire for quick outcomes within parliamentary cycles. In his written evidence to the Committee, the Comptroller and Auditor General stated that "where programmes form part of a portfolio, the need

33 Q42
34 Q42
35 Project X MMP0014
36 The National Infrastructure Commission, National Infrastructure Assessment, An assessment of the United Kingdom's, infrastructure needs up to 2050, 10 July 2019
37 Q57
38 Q66

to meet short-term affordability targets can mean that programme decisions are taken at the expense of longer term value for money."[39] This was reinforced by Tom Thackray, who stated that Government is "focused on costs and benefits that are realisable within the short time, such as a parliamentary term, which does skew investment and thinking sometimes, so lengthening out that term would be useful."[40]

30. Sir John Armitt told the Committee that:

> these should not, in a sense, be political issues. These should be about what is for the common good of society. Infrastructure is for people, at the end of the day, to enable them to live their lives in a more fruitful way, to allow business to provide jobs, to allow business to be more successful. Part of the NIC's role is to try to develop our ideas and get cross-party support for our ideas, not to see them fall into left/right thinking.[41]

31. Many of those who gave evidence to the Committee highlighted short-term politicised decision making as a barrier to achieving desired outcomes from investment.

32. Dominic Cook from Deloitte told the Committee that:

> Parliamentary fixed terms tend not to be the friend of major projects. The Government seeks to enact a significant proportion of its policy through major projects e.g. Universal Credit, Crossrail and ESMCP, however, the vast majority of major projects will "outlive" a single Parliament. The inevitable political pressure to deliver and be seen to deliver could lead to not investing enough time upfront in (i) the planning and preparation phase and (ii) in creating a project team with proven major project delivery skills led by someone who has tried and tested project leadership skills. All too often project leads are appointed and they simply inherit a team, which may or may not comprise major project professionals.[42]

33. The Civil Engineering Contractors Association stated "the short-termism and lack of long-term strategy … has historically undermined the delivery of major infrastructure projects in the UK".[43]

34. In written evidence to the previous Committee's inquiry, the Association For Project Management (APM) suggested that Government should "focus on 'Responsible Project Management' (RPM) which is the concept of managing projects with specific attention to the intended and unintended impacts of the project and its outcomes, in both the short and long term, thereby delivering economic, social and environmental impact."[44]

35. Other witnesses told the Committee that projects should be depoliticised. In written evidence the Royal Institute of Chartered Surveyors (RICS) said, "projects should, if feasible, be outside immediate political decision making with a suitable national infrastructure strategy setting out priorities to be followed through irrespective of the politics."[45]

39 Public Administration and Constitutional Affairs Committee, Letter from Gareth Davies, Comptroller and Auditor General, response to PACAC major projects inquiry, 24.4.20
40 Q28
41 Q66
42 Dominic Cook MMP0009
43 Civil Engineering Contractors Association MMP0010
44 Mr David Thomson (Head, External Affairs at the Association for Project Management) MMP0003
45 Michelle Vosper (Parliamentary and Public Affairs Manager at The Royal Institution of Chartered Surveyors (RICS)) MMP0005

36. However, witnesses also told the Committee that some infrastrucutre decisions are inherently political. In his evidence to the Committee, Lord Agnew talked about the message sent by the General Election, that greater investment was needed in the North, and stressed that decisions are also about "politics and democracy".[46]

37. When asked about the role of the National Infrastructure Commission in overcoming politically-led decision making, Jesse Norman told us:

> I think we have quite a good balance. It is an evolving balance, but I think we have quite a good balance because the National Infrastructure Commission, of course, publishes its own reports independently… As soon as you start to give it specific responsibility for projects, it then becomes a political entity in its own right rather than an expert entity.[47]

The Government's Infrastructure Strategy

38. The Government has committed to producing an Infrastructure Strategy, which should provide an overall framework to overcome siloed decision making and short termism, but it has yet to be published. Sir John Armitt told the Committee:

> the Government have said they will respond with a national infrastructure strategy. We are now two years on and are still awaiting the strategy. There are all sorts of good political reasons, but we are still waiting.[48]

39. In explanation, Jesse Norman said:

> [the Government] had hoped to publish it some time ago, but we have been overtaken by a whole series of events, including the election, change of Chancellor and now, of course, Covid. Certainly, my hope would be that we will do it as soon as we decently can, but it does involve a lot of co-ordination and other work.[49]

40. The National Infrastructure Commission relates primarily to England with little evidence of attempts to coordinate it with other parts of the UK. For the purpose of effectiveness and coherence the Government needs to coordinate its infrastructure strategy with devolved administrations.

41. There is a clear desire for the infrastructure strategy to be published amongst those who provided written evidence. Project X told the Committee that:

> our collective view is that a national infrastructure strategy, co-ordinated by an independent body, is crucial to aligning the long-term economic and social needs of the United Kingdom with the political aspirations of the Government.[50]

42. London First wrote that:

> the Government should publish the National Infrastructure Strategy as

46 Q17
47 Q72
48 Q45
49 Q62
50 Project X MMP0014

> soon as possible. This would show clear intent from Government, helping to unlock private sector investment, boosting growth for businesses in all sectors and sizes along the supply chain, and laying the groundwork for the next wave of major infrastructure projects that the capital and the country need.[51]

43. **The Government has committed to the largest investment in infrastructure in decades, which it believes has the potential to support a fairer and more equitable national economy. However, there is also great potential to waste this money on "white elephant" projects if it is not invested wisely. Evidence the Committee gathered suggests that there is uncertainty as to what the Government means by levelling up, and how its large infrastructure spending commitments will contribute to levelling up. There is a clear risk that money will be spent on projects which might boost employment in the very short term, but will not lead to longer-term change in economic outcomes for the poorest parts of the country.**

44. **The overall framework for this investment should be provided by the National Infrastructure Strategy, but this is significantly delayed and has yet to be published. The Government is keen to spend money quickly as part of the Coronavirus "bounce back" but it needs to publish the overall infrastructure strategy to ensure that money is spent in a co-ordinated and effective way.**

45. ***The Government should publish its infrastructure strategy as soon as possible, and certainly before it starts spending large amounts of money on infrastructure. The plan must clearly link the Government's objectives for the economy and the planed infrastructure investment. It should either include an assessment of regional or local needs, or clear principles for Departments assessing need in areas in which they are investing.***

46. ***The Government must be clear on what it means by "levelling up" if it is to plan projects which lead to "levelling up" and measure progress against them. The Committee expects that the infrastructure strategy will be clear on what levelling up means in practice, how infrastructure investment will contribute to levelling up, and what data we can use to measure the success of the levelling up initiative over time. This Committee will examine the infrastructure strategy when it is published and put further questions to ministers.***

47. **Previous infrastructure strategies have not led to coherent and co-ordinated infrastructure spending. A scattergun approach to infrastructure investment might result in expensive infrastructure that does not benefit a local area either because it is not supported by complementary services (for example new houses without transport links); or it is not nationally co-ordinated and directed to areas of greatest need. The National Infrastructure Commission was created to overcome silos, and while the Committee welcomes the NIC's commitment to overcoming political barriers through its impartial reporting, it is not clear it has the power to really break through politicised and decentralised decision making, which sits within Central Government. The Committee welcomes Lord Agnew's commitment to early involvement in decision making.**

51 John Dickie (Director of Strategy and Policy at London First) MMP0007

48. ***The Cabinet Office needs to take a more active lead on co-ordinating infrastructure investment in line with a national infrastructure strategy. It should be involved in the early stages of project development and lead on co-ordinating the national infrastructure effort. The Committee would like to see evidence of this work in the IPA's annual reports and it will raise with the Permanent Secretary at the Cabinet Office and Head of the IPA at regular scrutiny sessions.***

49. **It is clear from the evidence submitted to this inquiry that Government infrastructure projects are progressed before due consideration is given to how they will address local needs. This practice increases the risk of infrastructure not addressing local needs, and therefore not supporting economic growth.**

50. ***Government should prioritise understanding local needs. Fully populated local needs assessments should be published when projects are announced to demonstrate the purpose of such projects. The IPA should require these assessments as part of the documentation for projects in the Government Major Projects Portfolio (GMPP) and it should also check that departments are publishing the assessments as part of its role as the Government centre of expertise in project management. The Committee will scrutinise this in future evidence sessions.***

51. ***The Government must also reconsider what infrastructure will be needed in coming years, reflecting on the experience of Coronavirus. For example, if more jobs will move to home working, whether this might create a greater need for faster broadband rather than new roads. This post-Covid view of infrastructure should be reported to this Committee for further scrutiny.***

Levelling up through national investment

52. Witnesses told the Committee that historically, large cities (notably London) had received higher investment in infrastructure than other areas of the country. Lord Agnew stated:

> it has been too easy, over the last 20 years, to put stuff into London because on some metrics the returns look better. We have paid a big price for that because London has become an incubus that has sucked energy from the rest of the country and—as someone who is a provincial person at heart—I object to that and I want to see a reversing of that. I want to see the energy harnessed in those communities to bring wealth and job creation in those places, not those people having to come to London.[52]

53. Many argue that cities generate returns on investment that benefit the country as whole because they act as gateways. Jesse Norman explained that:

> the intellectual challenge is: how do you strip out that capital city gateway function from what you might consider its appropriate share of other resources? That is the nature of the argument and it is a very complex and difficult one to address.[53]

52 Q75
53 Q85

54. Individual projects go through approval processes to assess the economic case for investment and understand whether it will benefit the country. Large projects, which exceed delegated spending limits,[54] must go through the Treasury Approval Process (TAP). The TAP states that "all spending proposals must be developed and presented in accordance with the [Treasury] Green Book five-case model". The Treasury Green Book five-case model considers the strategic, commercial, economic, financial and management dimensions of proposed investment. The economic dimension asks

> what is the net value to society (the social value) of the intervention compared to continuing with Business as Usual? What are the risks and their costs, and how are they best managed? Which option reflects the optimal net value to society?[55]

55. The method of assessing the economic impact of investment outlined in the Green Book has been criticised for inadvertently privileging investment in areas where the economy is stronger and there is a higher concentration of people. The Comptroller and Auditor General explained that:

> it's essentially how Governments over a long time (not just the current Government) have used models to build up their estimates of financial benefits of projects. The way those models are operated favours heavily built up areas with very good communications and access to very large job markets. London, being the magnet for investment and economic activity, more easily scores points on that than a less developed part of our national economy.[56]

56. This criticism of the Green Book is not universally accepted. Tom Thackray said:

> businesses that deal in the infrastructure delivery space feel there is significant flexibility within the Green Book already that would enable more factors outside of economic return to be factored into the project appraisal process. By entering into a process of reforming the Green Book or defining another set of criteria, you might delay or confuse matters further, which is not what we need right now.[57]

57. The Government has committed to updating the Green Book. In his March 2020 Budget speech, Chancellor Rishi Sunak MP stated "to make sure economic decision making reflects the economic geography of the country, we're reviewing the Treasury's Green Book".[58] This update is yet to happen, and when asked, the Financial Secretary to the Treasury was unable to update the Committee on progress. He said he had "sympathy" for the concern that business case approvals skew towards areas "of existing higher

54 Formally, Treasury consent is required for all expenditure or resource commitments. In practice, the Treasury delegates to departments' authority to enter into commitments and to spend within predefined limits without specific prior approval from the Treasury - these are referred to as delegated spending limits or delegated authority limits. Project spend outside of these limits must go through the Treasury Approval Process. For more info see HM Treasury, Managing Public Money, July 2013.

55 HM Treasury, The Green Book: appraisal and evaluation in central Government, 18 April 2013, last updated 21 July 2020

56 Public Administration and Constitutional Affairs Committee, Letter from Gareth Davies, Comptroller and Auditor General, response to PACAC major projects inquiry, 24 April 2020

57 Public Administration and Constitutional Affairs Committee, the Government's management of its major projects, oral evidence, 5 May 2020

58 HM Treasury and the Rishi Sunak, Budget Speech 2020, HC Deb 679 Col 279 11 March 2020

development" because they could demonstrate higher returns, but he gave the caveat that "there is less evidence than one might think that projects are being discriminated against because they do not have the returns, as it were, already building on existing economic activity."[59]

58. The Committee also heard that infrastructure should not be appraised just in terms of economic benefits. Sir John Armitt said that:

> the simple answer is cost-benefit analysis by itself should not be the be all and end all of these decisions. We have a duty to think about the social impacts. They are not quite as easy to measure, but that does not mean we should run away from them.[60]

59. **The Committee heard evidence that investment in major cities, including London, has more immediate economic benefit than investing in areas where there is currently slower economic growth.**

60. ***If the Government wants to invest in areas of slower economic growth, including the North, regions and rural areas, it needs to be clear on the objectives of that investment, and set a framework for departments to appraise that investment so that it can pass the TAP hurdles. That might mean accepting lower overall returns for wider benefits, including local regeneration and levelling up.***

61. ***HM Treasury should update the Green Book as promised, in particular to reflect these wider Government objectives. There is a pressing need to publish this update so that new infrastructure investment can be appraised in line with its guidelines. The Committee would like it to be published no later than September so that post-Covid spending can be appraised using the updated guidelines.***

Local control and devolving decision making

62. The Committee also considered whether local areas should have more control over infrastructure decision making. Tom Thackray said:

> from where the CBI stands, we believe in the power of local areas taking control of their vision for the local economy. We think the situation with Greater Manchester is a good example of what can be done when the local enterprise partnership, combined authority, business community and citizens are aligned around that vision, and that has yielded more powers, more funding from the centre than other areas have managed to agree.[61]

63. However, the Committee also heard that local areas might struggle with large infrastructure projects. The Association for Consultancy and Engineering (ACE) told the previous Committee that "local Government structures do not have the ability or capacity to take on, let alone deliver, any sort of major projects in their entirety". ACE stated that "there may be a role for local authorities and devolved Governments to take on part of a major project if it has been divided into sub-projects" but they are hindered by a shortage of skills and went on to say that "providing greater fiscal autonomy to UK metro regions

59 Q85
60 Q53
61 Q27

would go some way to improving the outcome of major projects".[62]

64. The Committee also heard concerns about the way funding is devolved. Tom Thackray said:

> a major gripe of businesses, particularly outside London, is that when funding and powers are devolved to local areas, it is done on a short term basis with small pots of money and highly prescriptive criteria around them that make it very difficult to join up those funds and to leverage in money from the private sector as well. The capability of local infrastructure delivery is somewhat stymied by the way that money has been devolved in the past.[63]

He went on to say that "one of the problems that has surfaced [is the] the rules of the game for devolution; what other local areas have to do to qualify for similar powers and funding has not adequately been set out by the centre".[64]

65. **It is clear from the evidence received that locally-led infrastructure investment can- in some instances—respond better to local needs and contexts. But there are concerns about local capability and short-term funding mechanisms.**

66. ***If the Government is serious about its levelling up agenda, it should consider how it takes into account local needs when determining infrastructure projects. The Committee would like the Cabinet Office to respond to this report outlining whether it intends to deploy the new infrastructure funding through a mix of centralised and devolved approaches and, if so, how. If the Government wants infrastructure to be delivered by local structures through devolved funds, it needs to be clear about who is accountable for the outcomes of that spending.***

62 Public Administration and Constitutional Affairs Committee, Written evidence from the Association for Consultancy and Engineering (MMP 07), November 2018

63 Q18

64 Q27

3 Delivering projects which grow the economy and 'level up'

Background

67. The Government has made ambitious commitments on infrastructure but if it is to achieve these objectives, it needs to deliver individual projects well. Governments have faced challenges with implementation in the past that have led to projects often coming in over budget, late, and not delivering the stated benefit(s). Speaking to this end, Professor Bent Flyvbjerg of the Oxford University Saïd business school, told our predecessor Committee that his iron law of megaprojects is that they overrun on cost, time and underdeliver the anticipated benefits.[65] The Government needs to overcome these challenges if it is to deliver on its infrastructure objectives.

A clear focus on strategy and outcomes

68. Successful project delivery starts at the outset. This means: clarity on intended outcomes, realistic costs and timescales, and clarity around how eventual success will be measured. This understanding must by shared by all involved. The Comptroller and Auditor General, noted that "the repeated messaging from the NAO has been that there is a lack of clarity in the scope and objectives at the outset of projects and, conversely, a focus on excessive accuracy of cost estimates."[66] This was echoed by Dominic Cook, of Deloitte, who said:

> more time (and investment) should be made upfront on major projects with a particular focus on planning, resourcing, aligning interests, standardising (not inventing), setting crystal clear scope, understanding how benefits will be derived, being realistic on cost and time as well as ensuring fit for purpose reviews and project controls are implemented.[67]

69. Witnesses told the Committee that projects are more likely to deliver successfully if the approach and scope are focussed on the most important outcomes. The former Comptroller and Auditor General, Sir Amyas Morse, told the previous Committee's inquiry: "I have identified quite a lot of projects where I think a more modest approach, much less risky, might have delivered a lot of the benefits … . I see a lot of projects that I think are trying to be world-beating, best in class, but just good enough to deliver the required benefits would be rather preferable in my view."[68]

70. Sir John Armitt stated the importance of understanding what "you really value" so that when trade-offs are made the project doesn't lose focus. He told the Committee that:

> if I can take the example of the Olympics, which everybody says was a fantastic achievement, it was fairly straightforward. Time was the absolute

65 Public Administration and Constitutional Affairs Committee, The Governments Management of Major Projects: An Interim Report. HC303. 31 October 2019

66 Public Administration and Constitutional Affairs Committee, the Government's management of its major projects, oral evidence, 5 May 2020

67 Dominic Cook MMP0009

68 Public Administration and Constitutional Affairs Committee, Oral evidence: The Government's Management of Major Projects, HC 1631, Tuesday 6 November 2018, Q10 and Q11

> fundamental driver, and everything else took second place to time because we could not be late on the opening ceremony and delivering the Olympics.[69]

71. In evidence to the predecessor Committee, Professor Michael Bourne of Cranfield University said of the Olympics, that "the costs went up just over threefold … just after we won it".[70] However, the London Olympics is considered a great success because it delivered the most essential output well. London First summed this up when it told the Committee that "successful examples of Government-led major projects (such as the 2012 London Olympics) have been notable for their clear scope, immovable deadline, and clear-headed leadership throughout Government and delivery bodies.".[71]

Delivering the promised benefits

72. Fundamentally, projects can only be deemed successful if the end users derive benefit from the final product. The Committee heard that projects need to be clear on the benefit they wish to achieve at the outset and maintain focus on that throughout if they are to be successful. Gareth Davies told the Committee that there is "a robust system for deriving benefits" but that early benefits forecasts are a "dynamic figure" that must be adjusted and kept track of throughout the project. In his written evidence, he stated that "once an intervention has been approved, departments sometimes fail to revisit investment appraisals to monitor benefits realisation against forecasts."[72]

73. The Committee heard that as projects progress through delivery stages, they can default to focussing on time and cost and lose track of why the project was conceived in the first place. Project X told us that while there was a focus on identifying benefits at the outset of a project, that focus deteriorated as projects progressed through various stages.[73] Deloitte's written evidence to the Committee stated that:

> all too often significant effort is put into [benefits] plans at four distinct times: (i) during preparation of the full business case (ii) before an NAO audit/MPRG review (iii) ahead of a Parliamentary Committee enquiry/hearing and (iv) to justify the on-going operation of a broken project about to enter a "re-set". The systemic tracking, updating and reporting of benefits could and should be given greater priority by project leads as planners tend to underestimate risks of complexity, supplier capability, market maturity, scope changes etc. during project development and decision making.[74]

74. The focus on cost and time over quality of outcome can mean that the benefit of the project can be lost. Deloitte's evidence to the Committee quoted John Ruskin, stating:

> it's unwise to pay too much, but it's worse to pay too little. When you pay too much, you lose a little money—that's all. When you pay too little, you sometimes lose everything, because the thing you bought was incapable of doing the thing it was bought to do.[75]

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69 Q53

70 Public Administration and Constitutional Affairs Committee, Oral evidence: The Government's, management of major projects, HC 1631, Tuesday 9 July 2019, Q430

71 John Dickie (Director of Strategy and Policy at London First) MMP0007

72 Public Administration and Constitutional Affairs Committee, the Government's management of its major projects, oral evidence, 5 May 2020

73 Project X MMP0014

74 Dominic Cook MMP0009

75 Dominic Cook MMP0009

75. The National Audit Office investigation into Verify stated it was one example of a Government project where the forecast benefits reduced to the point where it was "hard to conclude that successive decisions to continue the project were sufficiently justified."[76]

76. It is hard to judge whether Government projects are successful in delivering their benefits, because tracking often stops once the project is complete. In written evidence, the Comptroller and Auditor General stated that the NAO has "found in our value for money reports that once an intervention has been approved, departments sometimes fail to revisit investment appraisals to monitor benefits realisation against forecasts."[77] The NAO's report on projects leaving the Government Major Project Portfolio stated that "the lack of systematic monitoring of whether projects had realised benefits made it difficult to conclude on trends in performance across the Portfolio".[78] The NAO tracked 48 projects and found that, for 22 of the 48, it was not possible to say whether the project had achieved the stated aims. This failure to follow up on benefits means the Government has a lack of data from which to learn, and it also reduces the incentive for those responsible for delivery to maintain a focus on the benefits throughout the project lifecycle.

77. The IPA has responded to the NAO report in its latest annual report, where it states:

> leaving the GMPP rarely marks the end of a project's delivery, and for some of the most complex projects the IPA maintains a continued involvement in the project, as required. In line with recent NAO recommendations, the IPA is committed to ensuring that all projects leaving the GMPP have had an exit (or equivalent) review which includes consideration of the ongoing tracking of project benefits.[79]

78. Nick Smallwood, Head of the IPA, told the Committee that there is "what is called a Gate 5, which is after the project is completed and is into operation, and it is good practice and discipline to then go to check that those benefits expected continue to be realised through the life of the project." He went on to say he would like to see projects remain on the portfolio "for at least the first Gate 5 gateway review". He noted that:

> if [the Gate 5 review] is healthy I think it is an appropriate time to come off. We have a number of projects joining every year and a number leaving. I do not have the resources to have an endless stream of projects. I think there is an appropriate time when there is a diminishing return from having our review. Certainly, a rigour around Gate 5 reviews is something we should encourage.[80]

79. The IPA produces an annual report for projects on the major project portfolio which includes schedule, cost and latest delivery confidence assessment. This is covered in more detail later in this Report. The report includes some narrative on benefits, but financial and transformational benefits are not consistently reported, and (where they are reported) cannot be tracked back to earlier approvals.[81]

76 Report by the Comptroller and Auditor General, Investigation into Verify, HC1926, 5 March 2019

77 Public Administration and Constitutional Affairs Committee, Letter from Gareth Davies, Comptroller and Auditor General, response to PACAC major projects inquiry, 24th April 2020

78 Report by the Comptroller and Auditor General, Projects leaving the Government Major Projects Portfolio, 19 October 2018

79 Infrastructure and Projects Authority, Infrastructure and Projects Authority annual report 2020, 9 July 2020

80 Q125

81 Infrastructure and Projects Authority, Infrastructure and Projects Authority annual report 2020, 9 July 2020

80. **A project's benefits are the very reason it is proposed and delivered, and the Committee does not believe that a project can be deemed successful if it does not demonstrate realisation of its stated benefits. The Government has sought to justify spending millions of pounds on infrastructure during economically-uncertain times by stating it will boost economic outcomes across the country. The Committee therefore expects the Government to be able to demonstrate growth as a result of this spend in future years.**

81. **Far too often, project managers and ministers prioritise time and cost at the expense of benefits. The Committee has heard of projects delivering benefits that are reduced to the point of no longer exceeding the costs, or more frequently, the benefits being unclear entirely upon delivery.**

82. ***Benefits must be prioritised and reported. The IPA should report against benefits plans consistently in its annual reports from 2021–22. Consistent reporting of benefits should include a standardised financial measure, reported as trend data (showing the benefit agreed at the outset, alongside any agreed changes at specific dates, up to current forecasts) alongside a narrative of transformational benefits promised.***

83. ***The Committee welcomes Nick Smallwood's statement that major projects should remain in the GMPP until Gate 5. The Committee would like the IPA to consider periodic reporting on past projects, perhaps at five-year intervals, to assess whether they have achieved their benefits. The IPA should write to the Committee in the Autumn to explain how best to do this and when the first review will take place.***

84. ***Where benefits will not be apparent immediately on delivery and may only materialise later, there should be a mechanism to hold previous ministers and SROs to account after the project has ended. The Chair of the Committee has written to the Chair of Public Accounts Committee (PAC) asking that when it receives NAO reports on projects, it calls the ministers and senior civil servants who were in place during set up, where that is appropriate, to give evidence.***

Over-optimism in project planning

85. Over-optimism in project planning was a consistent theme in the evidence the Committee received during this inquiry, as it was in the predecessor Committee's inquiry. Dominic Cook of Deloitte told the Committee that "all too often the heady combination of optimism bias combined with the occasional project strategic misrepresentation result in a headlong rush into the particular project without recognising that the initiation and management of major projects represents a significantly higher risk to an organisation than business as usual."[82]

86. One of the key issues raised with the Committee was that projects lock in costs and timings before scope and benefits are defined. This is combined with a pressure to deliver as quickly and cheaply as possible, which leads to projects ignoring or playing down risks, and understating delivery challenges. The Association For Project Management (APM) told the Committee that early figures are often calculated without the "information required for detailed and accurate estimating". The APM went on to give the example of the Scottish Parliament building which, it stated "had its estimated cost put into primary legislation"

82 Dominic Cook MMP0009

and that these later transpired to be "woefully underestimated" because detailed work on the architectural models had not been done.[83] The Comptroller and Auditor General confirmed to the Committee that project managers commit to time and cost estimates too early on in the process, and then struggle to deliver to those specifications later.[84] Tom Thackray agreed, saying that:

> we get locked into viewing these major projects in very restricted terms because of the way they have been sold at the outset. We should be much clearer that these are major and complex projects and they will flex over time.[85]

87. The Royal Institution of Chartered Surveyors (RICS) told the Committee that optimism is sometimes "driven by political pressures–the need to ensure that projects which are considered as political priorities must proceed 'at all costs' and if this means artificially supressing the 'true' cost and artificially reducing the programme time allowed, then this is an acceptable route to take."[86]

88. While political pressure to be optimistic is hard to overcome, there are some technical approaches which can reduce the risk of inaccurate estimates. Nick Smallwood told the Committee that improving early estimates "comes back to … a robust assurance process."[87]

89. Witnesses to this inquiry and our predecessor Committee's major projects inquiry suggested a number of approaches, which include:

a) Shadow Cost modelling, where a second team without a vested interest in the project undertakes a parallel costing exercise for comparative purposes. Professor Michal Bourne of Cranfield University told the previous Committee that this had been used in planning the Olympic Games, and it meant that the team knew early in the project that costs would be significantly higher than the original estimate[88]

b) Benchmarking against historic or international data. RICS told the Committee that it had collaborated on the production of International Construction Measurement Standards (ICMS), that could act as "internationally agreed high-level cost classification framework that can be used to classify, record, and present life cycle costs of an asset".[89] Nick Smallwood told the Committee that the IPA "has started work to implement a benchmarking hub, a cross-Government data repository where we will be able to capture actual costs as well as true benchmark costs for components of Government projects."[90]

83 Mr David Thomson (Head, External affairs at Association for Project Management) MMP0003
84 Public Administration and Constitutional Affairs Committee, Letter from Gareth Davies, Comptroller and Auditor General, response to PACAC major projects inquiry, 24 April 2020; and PACAC, the Government's management of its major projects, oral evidence, 5 May 2020
85 Q7
86 Michelle Vosper (Parliamentary and Public Affairs Manager at The Royal Institution of Chartered Surveyors (RICS)) MP0005
87 Q99
88 Public Administration and Constitutional Affairs Committee, Oral evidence: The Government's management of major projects, HC 1631, Tuesday 9 July 2019, Q423 and Q429
89 Michelle Vosper (Parliamentary and Public Affairs Manager at The Royal Institution of Chartered Surveyors (RICS)) MP0005
90 Q103 and Q107

c) Costs approved in ranges. The Comptroller and Auditor General told the Committee that ranges (rather than point estimates) allow for the inclusion of quantified risks in early estimates, and could be narrowed as the project progresses.[91]

d) When a private sector delivery mechanism is used, witnesses have suggested going to the market early to understand potential costs.[92]

90. All of these approaches have potential drawbacks, of course. As Professor Bourne explained, exercises like shadow cost modelling are expensive,[93] but the Committee heard time and time again from experts that up-front investment can save time and money later.[94]

91. **Projects are hindered by over-optimistic estimates of cost and time schedules, and overstatement of early benefits. Ministers are too keen to commit to specific cost and timescales early in the process, and project managers become tied to these estimates. The early estimates can then shape the rest of the project delivery, sometimes leading to reductions in outputs or benefits as project-managers struggle to keep project timescales and costs in check.**

92. ***Project data should be reported in ranges, which reflect quantified risks to costs and timescales. The IPA should start reporting ranges for any newly-approved projects immediately, and HM Treasury should state an expectation that projects going through Treasury Approval Processes (TAP) present ranges as a default.***

93. ***Projects which are particularly risky or high profile should invest more time up front, and consider approaches such as shadow cost modelling. The IPA should report on the methods used on the GMPP which can be viewed as best practice for other Government projects.***

Preventing derailment of projects by achieving local buy-in

94. Local resistance to a project can lead to delays, or even cancellations, and can risk value for money. Written evidence to the Committee gave examples of where public consultation either did not happen or was insufficient to overcome local opposition. The Royal Society for the Protection of Birds (RSPB) raised one such example:

> The Oxford to Cambridge Expressway [is] on hold while the Department for Transport explores alternatives, to date there has been no public consultation on this project. The promised Government review must redress this democratic deficit and answer questions about the project's compatibility with Government net zero carbon and 25 Year Environment Plan targets.[95]

91 Public Administration and Constitutional Affairs Committee, Letter from Gareth Davies, Comptroller and Auditor General, response to PACAC major projects inquiry, 24th April 2020; and PACAC, the Government's management of its major projects, oral evidence, 5 May 2020

92 For example: Q107

93 Public Administration and Constitutional Affairs Committee, Oral evidence: The Government's management of major projects, HC 1631, Tuesday 9 July 2019, Q423 and Q429

94 For example: Q28, Q29, Q44, Q79, Q100, Q112, and Public Administration and Constitutional Affairs Committee, Letter from Gareth Davies, Comptroller and Auditor General, response to PACAC major projects inquiry, 24th April 2020

95 Ms Juliette Young (Senior Policy Officer (Planning) at Royal Society for Protection of Birds (RSPB)), MMP0002

95. Jonathan Loescher wrote to the Committee with specific reference to HS2 explaining that "people who are affected by infrastructure schemes, through no fault or wish of their own, stand to lose their homes, businesses, lifestyles or communities" and that "90% of respondents [to a recent survey] felt that HS2 Ltd's engagement was poor or very poor."[96]

96. As Nick Smallwood told the Committee:

> [consultation] is one of the parts of good project management. You have to face all the challenges, both local constituents and non-Government organisations. It goes with the complexity of some of the infrastructure we have to put into the UK. We are a very dense island and lots of communities are impacted. If you want a successful project you have to have a plan to engage with all the key players.[97]

97. The Committee received a lot of evidence stressing the importance of consultation early in the decision making process. In 2018, Martin Blaiklock presented written evidence to the previous Committee inquiry suggesting consultation should take place before (not after) key decisions are made.[98] Jonathan Loescher, in his written evidence on HS2, suggested an independent ombudsman should report directly to Parliament.[99]

98. Witnesses were firm that this consultation needs to happen before decisions are made. Sir John Armitt took the same view:

> the public is the customer, the public is the consumer and, therefore, their views need to be taken into account. To get those views taken into account, we need to be prepared to spend a lot more time opening up the issues.[100]

He noted that in France "they spend longer on the public engagement at the front end of their projects before they publish lines on a map".[101]

99. Lord Agnew agreed:

> it is about winning the hearts and minds of that local community and getting them to understand the benefits of whatever the project might be for their community.… we need to do more about that to ensure that local communities are benefiting, but we also need to ensure that the people leading the opposition to a particular project are local people … We want to hear from the local people and if they have objections then we listen carefully, but they need to be given the priority.[102]

100. Jesse Norman raised the example of MHCLG consultations on housing projects, where "there has to be a board, it has to be diverse and inclusive, it is private sector-led and projects have to be agreed and heavily consulted on and bought into at project formulation stage and then before the bid is sent in, so that hopefully that alignment between local concerns and issues and the sucking-up of the best knowledge locally takes place."[103]

96 Mr Jonathan Loescher MP0013
97 Q111
98 Martin Blaiklock, MMP0024, 10 December 2018
99 Mr Jonathan Loescher MP0013
100 Q56
101 Q56
102 Q109
103 Q109

101. **Not enough is done to involve local people in decision making at an early stage. The Committee heard that decisions are made about a project before consultation happens, and that late consultation can be insufficient to overcome local opposition. This can result in delays to projects, but it can also lead to infrastructure which does not have full public support or serve local needs.**

102. ***All projects should include proper public consultation as part of the early decision making phase. Projects should consider setting up an independent arm to lead on public engagement that is proportionate to the scale and profile of the project. Projects should be able to demonstrate their engagement as part of early IPA approval gates, and as part of the Treasury Approval Process. Projects that are unable to demonstrate that they have undertaken proportionate public consultation, and responded to the findings of that consultation, should not get Treasury or IPA approval.***

The Government’s ability to deliver projects with its infrastructure strategy

Capability

103. Once projects have completed the start-up phase, they can go off course during delivery. One of the key issues raised with relation to Government project delivery, highlighted by our predecessor PACAC and PASC Committees, is project management capability within Whitehall. As our predecessor Committee reported,[104] the Government has invested in upskilling civil servants, but evidence to this inquiry highlights a perception that the Civil Service remains insufficiently skilled to deliver major projects. The Comptroller and Auditor General attributed issues with a number of major defence projects to capability shortfalls:

> Our recent report on delivering Defence Capabilities found that under-resourced project and delivery teams contribute to delays in delivery, with particular shortages of engineering and commercial staff. SROs for nine of the 32 Defence Major Projects Portfolio capabilities considered that a lack of team capacity and skills is affecting capability to deliver[105]

104. A number of submissions highlighted issues with the way project teams are formulated, with civil servants moving between roles, and there being insufficient skills in general. Deloitte suggested that not enough consideration is given to setting up teams with appropriately skilled people;[106] RICS noted that civil servants often move between departments, leading to a lack of consistent staffing on projects;[107] and Jag Patel stated that some departments suffer from “woefully inadequate project management skills”.[108] RICS also questioned whether there was a particular lack of people with experience of built environment infrastructure which requires “theory-based project management techniques (such as team building, programming and resource planning and risk awareness) and also

104 Public Administration and Constitutional Affairs Committee, The Governments Management of Major Projects: An Interim Report. HC303. 31 October 2019

105 Public Administration and Constitutional Affairs Committee, Letter from Gareth Davies, Comptroller and Auditor General, response to PACAC major projects inquiry, 24th April 2020

106 Dominic Cook MMP0009

107 Michelle Vosper (Parliamentary and Public Affairs Manager at The Royal Institution of Chartered Surveyors (RICS)) MMP0005

108 Jag Patel MMP0001

specific knowledge of the sector."[109]

105. Our predecessor Committee commented on the training available for civil servants in project management professions, welcoming the investment in greater skills. Senior Civil Servants (SCS) wanting to be Senior Responsible Officers (SROs) on major projects must undertake training with the Major Project Leadership Academy (MPLA). The MPLA was established by the IPA in conjunction with Oxford University's Said Business School. Civil servants below SCS can train through the Project Leadership Programme (PLP) which is delivered in conjunction with Cranfield University. Thus far, some 570 civil servants have graduated from the MPLA and a further 700 from the PLP.[110]

106. Nick Smallwood praised the MPLA as "world class" but acknowledged that the provision of project management training had not penetrated far enough into the Civil Service. He conceded that, below the PLP level, there "is very little". He told this Committee that:

> we need to build a cadre of skills throughout the profession from the Fast Streamers coming in. It is worth highlighting that we have a very healthy application of Fast Streamers coming into Government who want to play a part in the project delivery profession, and we need to skill them up from the get-go to become expert.[111]

In its written submission to this inquiry, the Government told us that the current in-house training in project management is undergoing a revision. This will see a more "rigorous approach to accreditation" linked to external professional standards.[112]

Senior Responsible Officers

107. The shortfall in SROs was highlighted by witnesses as a particular area of concern. The Comptroller and Auditor General noted in his written evidence that SROs were spread too thinly, with individual SROs spread across multiple projects. Lord Agnew conceded that the cadre of suitably qualified officials to act as SROs was too small:

> every project should have an SRO and the brutal reality is that there are not enough of them and they are spread too thin … . Frighteningly, 88% of projects do not have an SRO who is spending 75% or more of his time on that project—these are major projects. Most of those projects should have a full-time person on them; that is the truth of it.[113]

108. Nick Smallwood told the Committee that, although not all projects needed a full time SRO for their entire duration, there were key stages when the role of the SRO was crucial and there should be a full-time, dedicated person. He agreed that the pool of SROs is too small.[114]

109 Michelle Vosper (Parliamentary and Public Affairs Manager at The Royal Institution of Chartered Surveyors (RICS)) MMP0005

110 Public Administration and Constitutional Affairs Committee, The Governments Management of Major Projects: An Interim Report. HC303. 31 October 2019

111 Q113

112 Infrastructure and Projects Authority, MMP0006

113 Q105

114 Q114

109. The shortage of SROs and of other suitably qualified project management experts contributes to the problem of churn, a longstanding complaint that our predecessor Committee considered in its project management report. With too few qualified SROs, the demand for their services between projects and departments is considerable and there has been a tendency for them to move too frequently.[115] The Comptroller and Auditor General highlighted churn as one of the main issues with civil service project management:

> this is something you wouldn't see in the private sector to this extent. If you've got the right person leading a project you hang on to them and incentivise them to complete it to a high standard and within budget. It's much harder for the Government to do that, particularly with the culture in the civil service of rapid turnover in key roles. There have been attempts to address that issue but these have only been partially successful.[116]

110. The Government is clearly aware of the issues relating to project capability and efforts are being made to address them. The IPA's latest annual report outlines plans to address project capability, including continued recruitment through the project delivery fast stream, deploying the Project Delivery Capability Framework to assess existing capability, establish common, cross-departmental standards, and target improvements, and establishing a new academy.[117] Unlike the existing Major Projects Leadership Academy, focussed on the Senior Civil Service (SCS), and the Projects Leadership Programme, focussed on those just below the SCS grades, this new academy will cover all grades, from entry level to the most senior.[118]

111. HM Treasury's Green Book guidance on project delivery includes identifying that there are skilled people to undertake the project as a critical success factor as part of its five-case model for project business cases. Business case guidance states that "the level of available skills required for successful delivery" should match the option being appraised.[119] It appears from evidence received, however, that a general shortage of skills might undermine this in reality.

112. **Efforts to address capability are welcome but will take time to take effect. A scarcity of appropriately experienced people and salary constraints in the public sector contribute to the ongoing problem of shortages, particularly in the SRO role. The Government needs to recognise that capability is a potential constraint on its infrastructure plans.**

113. ***The Government must give further consideration to civil service upskilling if it is to deliver its infrastructure commitments, which might include a commitment to making salaries more competitive, at least in the short term. The Cabinet Office should review whether a separate pay system or allowance for SROs and valuable project managers would help keep them in their roles for the duration of a project, and it should report back to the Committee in the Autumn.***

115 Public Administration and Constitutional Affairs Committee, Letter from Gareth Davies, Comptroller and Auditor General, response to PACAC major projects inquiry, 24th April 2020

116 Public Administration and Constitutional Affairs Committee, the Government's management of its major projects, oral evidence, 5 May 2020

117 Infrastructure and Projects Authority Annual Report on Major Projects 2019–20 2020, p.28–29

118 Infrastructure and Projects Authority Annual Report on Major Projects 2019–20 2020, p.28–29, p.29

119 HM Treasury, The Green Book: appraisal and evaluation in central Government, 18 April 2013, last updated 21 July 2020

114. ***SROs should lead a project from start to completion, and remain accountable for delivering benefits after completion. Heads of Departments should ensure that the right incentives are in place to retain SROs, including career or pay progression opportunities as appropriate. SROs should have enough time to lead properly the projects for which they are accountable—and in many cases, this will require the SRO to work full time on that project.***

Ministerial decisions

115. Our predecessor Committee noted how ministerial decisions can contribute to poor project design and delivery.[120] Ministers initiate projects often with little or no training on appointment, and few have relevant professional experience on which they can draw. Nick Smallwood told the Committee that "we believe there is a huge benefit in helping Ministers understand the impact they can have, both positive and negative, in the various decision making processes".[121]

116. There are political incentives to proceed with projects too rapidly, against unrealistic budgets or schedules, but it is hoped that giving ministers insight into the project design and delivery process will mitigate that to some extent and counter the over-optimism that has been blamed for so many projects failing to meet expectations.[122] Mr Smallwood was positive but realistic in his appraisal of the likely impact of project training for ministers:

> I don't think it is ever going to cure these embedded issues of the political system because that is the nature of the beast. What it might do is lead to a longer-term and a more calibrated and a more thoughtful process, and that can only be good.[123]

117. ***The Committee welcomes the introduction of training for ministers in project management. It is important that ministers take the opportunity provided to educate themselves better about how projects are delivered and how they can have an impact on that, both positively and negatively. The Committee expects that all Secretaries of State and any minister with significant projects in her or his portfolio will undertake this training immediately after appointment. In its response to this Report, the Government should include a list of all ministers who have already received the training and those who are booked to complete it by the end of the calendar year. The Committee will ask for regular updates from the IPA on training after ministerial reshuffles.***

120 Public Administration and Constitutional Affairs Committee, the Government's management of its major projects, oral evidence, 5 May 2020

121 Q96

122 Q98

123 Q98

4 Transparency of project delivery

The importance of good data

118. Good data on the progress and success of projects enables the public and parliamentarians to understand how their money is being spent. The April 2019 Government financial reporting review published by HM Treasury observed that "good reporting helps users understand how those commitments are being delivered, putting the department's financial activity in the context of the ways it is meeting the needs of its stakeholders."[124] Nick Smallwood, Head of the IPA, said "we are probably more transparent than just about every other Government in terms of the data that we share on the Government Major Projects Portfolio."[125]

Reporting on the Government's major project portfolio

119. The IPA publishes data on the GMPP annually. The latest IPA Annual Report on major projects states that there are currently 125 major projects on the portfolio with a total cost of £448bn.[126] The report (and data published in appended tables) includes a timeline of delivery confidence assessments over the life of the project; the latest approved start and end dates with narrative; and baseline and forecast costs with narrative. Amongst the criticisms of the IPA reporting are that it does not include any measures of benefits as standard (but might include some *ad hoc* narrative); it is a year out of date at the time of publication; and it is hard to track data from one year to the next.

120. The Centre for Public Data raised concerns about the transparency of the major project portfolio in its evidence to the Committee, stating that "there are longstanding concerns about the quality and transparency of data on the Government's major projects portfolio, as managed by the IPA".[127] Amongst the concerns raised by the Centre for Public Data was the lack of systematic benefits reporting.

121. It is also concerning that when projects on the GMPP have faced problems and have failed to deliver as expected, these problems had not been evident in earlier project reporting. In his letter to the Committee, the Comptroller and Auditor General raised the example of the Equipment Plan, referring to "changes in the basis of reporting between years, inconsistencies in data from different parts of the department and weak quality control checks."[128] He also mentioned HS2, stating that the Public Accounts Committee was:

> looking at the most recent annual report and querying how open HS2 Ltd had been on significant issues around cost and delay. [129]

124 HM Treasury, the Government Financial Reporting Review, April 2019
125 Q118
126 Infrastructure and Projects Authority, Infrastructure and Projects Authority annual report 2020, 9 July 2020
127 Anna Powell-Smith (Director at Centre for Public Data) MP0008
128 Public Administration and Constitutional Affairs Committee, Letter from Gareth Davies, Comptroller and Auditor General, response to PACAC major projects inquiry, 24th April 2020
129 Public Administration and Constitutional Affairs Committee, Letter from Gareth Davies, Comptroller and Auditor General, response to PACAC major projects inquiry, 24th April 2020

Reporting on projects outside of the GMPP

122. There is much less data available on projects which fall outside the GMPP. These can include very large and sometimes high-profile Government projects, about which the public (including local people affected by the project) might struggle to find any good data at all. Often, the only source of information on these projects are the annual reports and accounts (ARA) produced by each Government department. In 2017, our predecessor Committee conducted an inquiry on *Accounting for Democracy*[130] followed, in 2018, by *Accounting for Democracy revisited*,[131] looking at the purpose and transparency of Government accounts. Those reports found that "currently there is very little information about individual projects and programmes within the Government's Accounts." The Committee recommended:

> departments should report data about significant projects, such as Trident and HS2 (which is the largest infrastructure project in Europe), in their Annual Reports and Accounts. This data, which should also be audited, should include spend to date for each project, spend in the year for each project, milestones met or not met and forecasted end date for the project. It should be provided for all projects that are significant in terms of the delivery of the Government's priorities or that have a lifetime budget that is above materiality.

123. The 2019 Government financial reporting review stated that "in order to effectively tell their story, departments should report on the performance of their major projects".[132] Subsequent updates to the Treasury Financial Reporting Manual (FReM) include a recommendation for the inclusion of trend data so that readers can see changes in expected outcomes over time. The FReM states that:

> where statistics, metrics, or other indicators are disclosed without relevant trend data or comparators, the reason for the lack of trend data should be disclosed. For example, if it is the first year that an indicator has been collected, no prior period data is available.[133]

124. The Comptroller and Auditor General explained that "at a minimum, for major projects, we think it would be useful for [annual reports and accounts] to include: up to date forecast cost and schedules for a programme, perhaps in the form of a range of costs/ delivery dates; the key milestones it has achieved in the period, and expects to achieve in the next; as well as some description of the key risks that the programme is facing". He also stated that "figures included within an ARA are sometimes difficult to reconcile with other publicly available information, and so departments should take to ensure consistency."[134]

130 Public Administration and Constitutional Affairs Committee, Accounting for democracy: making sure Parliament, the people and ministers know how and why public money is spent, HC95, 25 April 2017

131 Public Administration and Constitutional Affairs Committee, Accounting for Democracy Revisited: The Government Response and Proposed Review, HC1197, 27 June 2018

132 HM Treasury, the Government Financial Reporting Review, April 2019

133 HM Treasury, Government Financial Reporting Manual: 2019–20, 18 December 2019

134 Public Administration and Constitutional Affairs Committee, Letter from Gareth Davies, Comptroller and Auditor General, response to PACAC major projects inquiry, 24th April 2020

125. The *Accounting for Democracy* report recommended that project data be audited, and this was put to Gareth Davies, who took up post as Comptroller and Auditor General in June 2019. He replied:

> [My] job is to check that everything, including in that narrative part of the accounts, is consistent with our knowledge. Where we have already done work on a project and we know that what's described is not a full picture, it's our role to pick that up and make sure it has changed. We don't do an original audit of all the numbers in the front part of the report. That wouldn't be practical because of the sheer scale of the work that would entail in time for certification of the accounts. I'm content that the approach we have is the right one: asking if in all the narrative explanation of the delivery of major projects, is it consistent with the NAO's knowledge of performance? We will flag up areas that need to be strengthened or corrected but the cost implications of doing an original audit of every number in the narrative part would be too high.[135]

126. **Good and transparent data is vital for parliamentary and public scrutiny of major projects. The Committee has seen examples of projects which have gone off the rails late, having shown little or no sign of difficulty through reported data. The Committee also notes that the standalone data published in IPA reports and in Departmental annual reports and accounts do not enable individuals to know whether projects are in line with what the public was promised when projects were devised.**

127. ***As responsibility for policy on major projects and their management is shared across two departments, the Cabinet Office and HM Treasury should write to the Committee setting out the standardised data they expect departments to collect on the most significant projects. From 2020–21, all departments should publish this information in their annual reports.***

128. ***The IPA should review the data that it publishes in its Major Project Annual Report, and this should be extended at least to add timelines of project approvals and estimates.***

129. ***Departments with large projects should, from 2021, be able to demonstrate compliance with the recommendations of the 2019 Government financial reporting review, the revised Financial Reporting Manual and the forthcoming thematic review of project reporting review of accounts, which included publishing trends in project data. Project data published in departments' annual reports should be easily reconciled to data published in the IPA annual report and should be consistent with announcements by ministers or local elected officials. Where information on projects differs between these documents and announcements, a clear explanation or reconciliation should be given in the relevant department's annual report.***

130. ***The IPA should consider how it can publish data more quickly—and in particular highlight changes to the project, such as increases in costs or delay—so that these issues do not first emerge a year after the fact.***

135 Public Administration and Constitutional Affairs Committee, the Government's management of its major projects, oral evidence, 5 May 2020

Conclusions and recommendations

The framework for infrastructure investment

1. The Government has committed to the largest investment in infrastructure in decades, which it believes has the potential to support a fairer and more equitable national economy. However, there is also great potential to waste this money on "white elephant" projects if it is not invested wisely. Evidence the Committee gathered suggests that there is uncertainty as to what the Government means by levelling up, and how its large infrastructure spending commitments will contribute to levelling up. There is a clear risk that money will be spent on projects which might boost employment in the very short term, but will not lead to longer-term change in economic outcomes for the poorest parts of the country. (Paragraph 43)

2. The overall framework for this investment should be provided by the National Infrastructure Strategy, but this is significantly delayed and has yet to be published. The Government is keen to spend money quickly as part of the Coronavirus "bounce back" but it needs to publish the overall infrastructure strategy to ensure that money is spent in a co-ordinated and effective way. (Paragraph 44)

3. *The Government should publish its infrastructure strategy as soon as possible, and certainly before it starts spending large amounts of money on infrastructure. The plan must clearly link the Government's objectives for the economy and the planed infrastructure investment. It should either include an assessment of regional or local needs, or clear principles for Departments assessing need in areas in which they are investing.* (Paragraph 45)

4. *The Government must be clear on what it means by "levelling up" if it is to plan projects which lead to "levelling up" and measure progress against them. The Committee expects that the infrastructure strategy will be clear on what levelling up means in practice, how infrastructure investment will contribute to levelling up, and what data we can use to measure the success of the levelling up initiative over time. This Committee will examine the infrastructure strategy when it is published and put further questions to ministers.* (Paragraph 46)

5. Previous infrastructure strategies have not led to coherent and co-ordinated infrastructure spending. A scattergun approach to infrastructure investment might result in expensive infrastructure that does not benefit a local area either because it is not supported by complementary services (for example new houses without transport links); or it is not nationally co-ordinated and directed to areas of greatest need. The National Infrastructure Commission was created to overcome silos, and while the Committee welcomes the NIC's commitment to overcoming political barriers through its impartial reporting, it is not clear it has the power to really break through politicised and decentralised decision making, which sits within Central Government. The Committee welcomes Lord Agnew's commitment to early involvement in decision making. (Paragraph 47)

6. *The Cabinet Office needs to take a more active lead on co-ordinating infrastructure investment in line with a national strategy. It should be involved in the early stages of*

project development and lead on co-ordinating the national infrastructure effort. The Committee would like to see evidence of this work in the IPA's annual reports and it will raise with the Permanent Secretary at the Cabinet Office and Head of the IPA at regular scrutiny sessions. (Paragraph 48)

7. It is clear from the evidence submitted to this inquiry that Government infrastructure projects are progressed before due consideration is given to how they will address local needs. This practice increases the risk of infrastructure not addressing local needs, and therefore not supporting economic growth. (Paragraph 49)

8. *Government should prioritise understanding local needs. Fully populated local needs assessments should be published when projects are announced to demonstrate the purpose of such projects. The IPA should require these assessments as part of the documentation for projects in the Government Major Projects Portfolio (GMPP) and it should also check that departments are publishing the assessments as part of its role as the Government centre of expertise in project management. The Committee will scrutinise this in future evidence sessions.* (Paragraph 50)

9. *The Government must also reconsider what infrastructure will be needed in coming years, reflecting on the experience of Coronavirus. For example, if more jobs will move to home working, whether this might create a greater need for faster broadband rather than new roads. This post-Covid view of infrastructure should be reported to this Committee for further scrutiny.* (Paragraph 51)

10. The Committee heard evidence that investment in major cities, including London, has more immediate economic benefit than investing in areas where there is currently slower economic growth. (Paragraph 59)

11. *If the Government wants to invest in areas of slower economic growth, including the North, regions and rural areas, it needs to be clear on the objectives of that investment, and set a framework for departments to appraise that investment so that it can pass the TAP hurdles. That might mean accepting lower overall returns for wider benefits, including local regeneration and levelling up.* (Paragraph 60)

12. *HM Treasury should update the Green Book as promised, in particular to reflect these wider Government objectives. There is a pressing need to publish this update so that new infrastructure investment can be appraised in line with its guidelines. The Committee would like it to be published no later than September so that post-Covid spending can be appraised using the updated guidelines.* (Paragraph 61)

13. It is clear from the evidence received that locally-led infrastructure investment can- in some instances—respond better to local needs and contexts. But there are concerns about local capability and short-term funding mechanisms. (Paragraph 65)

14. *If the Government is serious about its levelling up agenda, it should consider how it takes into account local needs when determining infrastructure projects. The Committee would like the Cabinet Office to respond to this report outlining whether it intends to deploy the new infrastructure funding through a mix of centralised and devolved approaches and, if so, how. If the Government wants infrastructure to be delivered by local structures through devolved funds, it needs to be clear about who is accountable for the outcomes of that spending.* (Paragraph 66)

Delivering the projects which grow the economy and 'level up'

15. A project's benefits are the very reason it is proposed and delivered, and the Committee does not believe that a project can be deemed successful if it does not demonstrate realisation of its stated benefits. The Government has sought to justify spending millions of pounds on infrastructure during economically-uncertain times by stating it will boost economic outcomes across the country. The Committee therefore expects the Government to be able to demonstrate growth as a result of this spend in future years. (Paragraph 80)

16. Far too often, project managers and ministers prioritise time and cost at the expense of benefits. The Committee has heard of projects delivering benefits that are reduced to the point of no longer exceeding the costs, or more frequently, the benefits being unclear entirely upon delivery. (Paragraph 81)

17. *Benefits must be prioritised and reported. The IPA should report against benefits plans consistently in its annual reports from 2021–22. Consistent reporting of benefits should include a standardised financial measure, reported as trend data (showing the benefit agreed at the outset, alongside any agreed changes at specific dates, up to current forecasts) alongside a narrative of transformational benefits promised.* (Paragraph 82)

18. *The Committee welcomes Nick Smallwood's statement that major projects should remain in the GMPP until Gate 5. The Committee would like the IPA to consider periodic reporting on past projects, perhaps at five-year intervals, to assess whether they have achieved their benefits. The IPA should write to the Committee in the Autumn to explain how best to do this and when the first review will take place.* (Paragraph 83)

19. *Where benefits will not be apparent immediately on delivery and may only materialise later, there should be a mechanism to hold previous ministers and SROs to account after the project has ended. The Chair of the Committee has written to the Chair of Public Accounts Committee (PAC) asking that when it receives NAO reports on projects, it calls the ministers and senior civil servants who were in place during set up, where that is appropriate, to give evidence.* (Paragraph 84)

20. Projects are hindered by over-optimistic estimates of cost and time schedules, and overstatement of early benefits. Ministers are too keen to commit to specific cost and timescales early in the process, and project managers become tied to these estimates. The early estimates can then shape the rest of the project delivery, sometimes leading to reductions in outputs or benefits as project-managers struggle to keep project timescales and costs in check. (Paragraph 91)

21. *Project data should be reported in ranges, which reflect quantified risks to costs and timescales. The IPA should start reporting ranges for any newly-approved projects immediately, and HM Treasury should state an expectation that projects going through Treasury Approval Processes (TAP) present ranges as a default.***.** (Paragraph 92)

22. *Projects which are particularly risky or high profile should invest more time up front, and consider approaches such as shadow cost modelling. The IPA should report on the methods used on the GMPP which can be viewed as best practice for other Government projects.* (Paragraph 93)

23. Not enough is done to involve local people in decision making at an early stage. The Committee heard that decisions are made about a project before consultation happens, and that late consultation can be insufficient to overcome local opposition. This can result in delays to projects, but it can also lead to infrastructure which does not have full public support or serve local needs. (Paragraph 101)

24. *All projects should include proper public consultation as part of the early decision making phase. Projects should consider setting up an independent arm to lead on public engagement that is proportionate to the scale and profile of the project. Projects should be able to demonstrate their engagement as part of early IPA approval gates, and as part of the Treasury Approval Process. Projects that are unable to demonstrate that they have undertaken proportionate public consultation, and responded to the findings of that consultation, should not get Treasury or IPA approval.* (Paragraph 102)

25. Efforts to address capability are welcome but will take time to take effect. A scarcity of appropriately experienced people and salary constraints in the public sector contribute to the ongoing problem of shortages, particularly in the SRO role. The Government needs to recognise that capability is a potential constraint on its infrastructure plans. (Paragraph 112)

26. *The Government must give further consideration to civil service upskilling if it is to deliver its infrastructure commitments, which might include a commitment to making salaries more competitive, at least in the short term. The Cabinet Office should review whether a separate pay system or allowance for SROs and valuable project managers would help keep them in their roles for the duration of a project, and it should report back to the Committee in the Autumn..* (Paragraph 113)

27. *SROs should lead a project from start to completion, and remain accountable for delivering benefits after completion. Heads of Departments should ensure that the right incentives are in place to retain SROs, including career or pay progression opportunities as appropriate. SROs should have enough time to lead properly the projects for which they are accountable—and in many cases, this will require the SRO to work full time on that project.* (Paragraph 114)

28. *The Committee welcomes the introduction of training for ministers in project management. It is important that ministers take the opportunity provided to educate themselves better about how projects are delivered and how they can have an impact on that, both positively and negatively. The Committee expects that all Secretaries of State and any minister with significant projects in her or his portfolio will undertake this training immediately after appointment. In its response to this Report, the Government should include a list of all ministers who have already received the training and those who are booked to complete it by the end of the calendar year. The Committee will ask for regular updates from the IPA on training after ministerial reshuffles.* (Paragraph 117)

Transparency of project delivery

29. Good and transparent data is vital for parliamentary and public scrutiny of major projects. The Committee has seen examples of projects which have gone off the rails late, having shown little or no sign of difficulty through reported data. The Committee also notes that the standalone data published in IPA reports and in Departmental annual reports and accounts do not enable individuals to know whether projects are in line with what the public was promised when projects were devised. (Paragraph 126)

30. *As responsibility for policy on major projects and their management is shared across two departments, the Cabinet Office and HM Treasury should write to the Committee setting out the standardised data they expect departments to collect on the most significant projects. From 2020–21, all departments should publish this information in their annual reports.* (Paragraph 127)

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32. *Departments with large projects should, from 2021, be able to demonstrate compliance with the recommendations of the 2019 Government financial reporting review, the revised Financial Reporting Manual and the forthcoming thematic review of project reporting review of accounts, which included publishing trends in project data. Project data published in departments' annual reports should be easily reconciled to data published in the IPA annual report and should be consistent with announcements by ministers or local elected officials. Where information on projects differs between these documents and announcements, a clear explanation or reconciliation should be given in the relevant department's annual report..* (Paragraph 129)

33. *The IPA should consider how it can publish data more quickly—and in particular highlight changes to the project, such as increases in costs or delay—so that these issues do not first emerge a year after the fact..* (Paragraph 130)

Formal minutes

Thursday 23 July 2020

Members Present

Mr William Wragg, in the Chair

Jackie Doyle-Price	David Mundell
Rachel Hopkins	Tom Randall
Mr David Jones	Karin Smyth

Draft Report (*Delivering the Government's infrastructure commitments through major projects*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 130 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Third Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order 134.

[Adjourned till Wednesday 2 September 2020 at 10.00am

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Tuesday 09 June 2020

Professor Henry Overman, Professor of Economic Geography at the London School of Economics (LSE); **Tom Thackray**, Director of Infrastructure, the Confederation of British Industry (CBI) Q1–34

Sir John Armitt, Chair of the National Infrastructure Commission (NIC); **James Heath**, Chief Executive of the National Infrastructure Commission (NIC) Q35–58

Tuesday 07 July 2020

Lord Agnew of Oulton, Minister of State at the Cabinet Office and Her Majesty's Treasury; **Rt Hon Jesse Norman MP**, Financial Secretary to the Treasury; **Nick Smallwood**, Chief Executive, Infrastructure and Projects Authority Q59–130

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

MMP numbers are generated by the evidence processing system and so may not be complete.

1 A1 (MMP0004)

2 Association for Project Management (Mr David Thomson, Head, External affairs) (MMP0003)

3 Centre for Public Data (Anna Powell-Smith, Director) (MMP0008)

4 Civil Engineering Contractors Association (MMP0010)

5 Cook, Dominic (MMP0009)

6 Infrastructure and Projects Authority (MMP0006)

7 Loescher, Mr Jonathan (MMP0013)

8 London First (John Dickie, Director of Strategy and Policy) (MMP0007)

9 Major Projects Association (MMP0012)

10 Patel, Jag (MMP0001)

11 Project X (MMP0014)

12 The Royal Institution of Chartered Surveyors (RICS) (Michelle Vosper, Parliamentary and Public Affairs Manager) (MMP0005)

13 Royal Society for Protection of Birds (RSPB) (Ms Juliette Young, Senior Policy Officer (Planning)) (MMP0002)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2019–21

First Report	Appointment of Rt Hon Lord Pickles as Chair of the Advisory Committee on Business Appointments	HC 168
Second Report	Parliamentary and Health Service Ombudsman Scrutiny 2018–19	HC 117
First Special Report	Electoral law: The Urgent Need for Review: Government Response to the Committee's First Report of Session 2019	HC 327