House of Commons

Public Administration and Constitutional Affairs Committee

Delivering the Government's infrastructure commitments through major projects: Government Response to the Committee's Third report

Third Special Report of Session 2019–21

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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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Publication

Committee reports are published on the Committee's website at www.parliament.uk/pacac and in print by Order of the House.

Evidence relating to this report is published on the inquiry publications page of the Committee's website.

Committee staff

The current staff of the Committee are Iwona Hankin (Committee Operations Officer), Claire Hardy (Committee Specialist), Gabrielle Hill (Committee Operations Manager), Dr Philip Larkin (Committee Specialist), George Perry (Media Officer), Sarah Rees (Clerk), Dr Patrick Thomas (Committee Specialist), Rebecca Usden (Senior Committee Specialist) and Jonathan Whiffing (Second Clerk).

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Third Special Report

The Public Administration and Constitutional Affairs Committee published its Third Report of Session 2019, Delivering the Government's infrastructure commitments through major projects (HC 125) on 28 July 2020. The Government's response was received on 28 September 2020 and is appended to this report.

Appendix: Government Response

Introduction

On 28 July 2020, the House of Commons Public Administration and Constitutional Affairs Committee published its report Delivering the Government's infrastructure commitments through Major Projects. The report set out conclusions and recommendations across 3 areas.

The Government welcomes the scrutiny of the Committee in this important area and is grateful to all those who gave evidence.

The wellbeing and prosperity of everyone in the UK depends critically on how we rebuild our economy, and transform our infrastructure and public services following COVID-19. The Government believes that in order to achieve its ambitions for the UK, we must consistently deliver our major projects successfully. It is crucial that government spending on major projects leads to real-world improvements that make a difference to people's lives.

The Government shares the Committee's view that we need to get the basics in major projects right. We cannot afford to waste this opportunity as we recover to do things faster, more effectively and ultimately more productively. Government has already achieved a great deal since the creation of the project delivery function including the establishment of the Major Projects Leadership Academy, setting up the Government Major Projects Portfolio and in support of this ambition, the IPA have published the Principles for Project Success, ensuring a sustained focus on the basic principles of project delivery, particularly in such uncertain times. These principles, alongside the government functional standard for project delivery, form a wider endeavour to create a culture of world-class project performance, where projects are set up for success and deliver real benefits for people and communities across the UK, consistently.

This Government intends to initiate a step change in how major government projects are delivered. The Chancellor wrote to all Accounting Officers in July to set out changes to the process that will ensure more rigorous oversight of project management. This includes the requirement for projects to have the support of the IPA before they progress at each stage, and to this end the IPA are taking steps, working with departments across Whitehall, to provide greater clarity and definition on which types of projects should join the Government Major Projects Portfolio (GMPP) to then facilitate more robust scrutiny.

The Committee's report also rightly highlights the importance of the National Infrastructure Strategy (NIS) in driving improved delivery and performance through this country's infrastructure. Infrastructure is central to our economic strategy, and the government will publish a National Infrastructure Strategy setting out further details on its long-term ambitions in the autumn.

This document sets out the Government's response to the Committee's 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 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)

This Government's levelling up agenda will spread opportunity to every region and nation of the UK; ensuring everyone benefits from growth in the UK. It targets the long-standing economic and social disparities across the country, giving everyone growing up in this country the opportunity they need to succeed.

Government recognises the crucial role infrastructure plays in enabling regions and nations to succeed, decarbonising the economy and will set out further details about the government's long term ambitions for infrastructure and the role of this in the levelling up agenda at the Spending Review and in the National Infrastructure Strategy (NIS) this autumn.

3. **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 coordinated and effective way.** (Paragraph 44)

4. **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 planned 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)

Government believes that infrastructure is central to our economic strategy. Along with the Spending Review, the National Infrastructure Strategy was delayed to later this year to ensure that HM Treasury and departments could remain focused on responding to the immediate public health and economic emergency.

The NIS will set out further details on its long-term ambitions, including on decarbonisation and levelling up. The NIS will also formally respond to recommendations made by the National Infrastructure Commission in their National Infrastructure Assessment which is based on detailed consideration of the UK's long term infrastructure needs, including across regions.

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)

The Government's institutional framework for infrastructure and major projects has undergone significant change and improvement in recent years. The National Infrastructure Commission (NIC), IPA and HM Treasury are at the heart of this framework.

The NIC's impartial, expert advice is central to the government's infrastructure decision-making process. The NIC's work was the catalyst for many of the important spending decisions taken at previous fiscal events. Government will build on this further when we publish the NIS.

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)

Government shares the Committee's view that projects and programmes should be set up for success from their initial policy stages, and that early-stage involvement, including with controls, is essential to this. The Cabinet Office is currently undergoing a short review being conducted by Lord Maude looking at this, in line with increasing the efficiency and effectiveness of Government spending. Cabinet Office, including the IPA, is supporting HM Treasury in producing the NIS which will set out a long term view with improved delivery and performance as a central pillar. Alongside this the Infrastructure Delivery Taskforce, 'Project Speed', is led collaboratively with No,10, HMT, the IPA and the Cabinet Office, with the infrastructure departments as required. The taskforce aims to cut down the time it takes to develop, design and deliver vital infrastructure projects. For example, it will look at identifying blocks to progress. Projects will include the 40 new hospitals the government has committed to build and the school rebuilding programme.

The IPA has put in place the Get to Green programme which will establish the new framework, new assurance and support arrangements for departments in improving project delivery. The IPA have also published the National Infrastructure and Construction Procurement Pipeline 2020[1] which has provided short-medium term certainty to the construction sector during Covid-19. The pipeline set out up to £37 billion of contracts across economic and social infrastructure.

It is the Government's strong ambition to use these initiatives as a catalyst to continually seek further improvement across the UK's major projects, delivering benefits nationally in coordinated fashion.

The IPA currently details work across both the project delivery and infrastructure systems in Annual Reports and will look to include more information on support in the early development of projects going forward. The IPA looks forward to informing you of the progress we are making at the regular scrutiny sessions.

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)

Public consultation has been a statutory feature of the development control process for some time and Public Consultation was stipulated in the Localism Act 2011 and referenced in the Planning Act 1990.

On the 6 August the Ministry of Housing, Communities and Local Government (MHCLG) launched a consultation, Planning for the future1, which set out Government plans to overhaul the outdated planning system and reform the way the country builds. This includes changing the culture and engagement of citizens with the planning system. It will see local communities consulted from the very beginning of the planning process, and by harnessing the latest technology through online maps and data, the whole system will be made more accessible and local people will be able to visualise planned development on maps. Alongside this there is already a process in place for the consent of nationally significant projects such as railways and offshore windfarms to ensure they meet a national need and support economic growth.

Maximising value from nationally significant projects was an area that was covered in the NIC's National Infrastructure Assessment (NIA)[2] and it proposed having a board level design champion and using a design panel to maximise the value provided by the infrastructure. This, along with the other recommendations in the NIA is being considered as part of the government response, which the Government will formally respond to as part of the NIS, which will be published in the autumn.

1 https://www.gov.uk/government/publications/national-infrastructure-and-construction-procurement-pipeline-202021

2 https://www.nic.org.uk/wp-content/uploads/CCS001_CCS0618917350–001_NIC-NIA_Accessible.pdf

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 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)

Government agrees that understanding local needs is a key part of the analysis of the benefits a project or a programme will deliver. As part of the Green Book methodology, the Government seeks to identify the option most likely to offer the best social value against the Government's objectives. This is determined by appraising all of the social, environmental and economic costs, benefits and risks to UK society. The Green Book is currently being reviewed to enhance the strategic development and assessment of projects, consider how to assess and present local impacts and to develop new guidance on transformative or place-based interventions. Further, as part of a new Public Value Framework, the government will establish medium- to long-term outcomes and metrics for all departments and will agree priorities against which performance will be measured, including cross-cutting priorities such as levelling up.

Government is exploring further ways to ensure that departments understand and assess local needs as part of their business cases and delivery, this may include publishing needs assessments.

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)

The NIS will set out the government's long-term infrastructure ambitions based on the current economic context. The Treasury will ensure that the Committee receives a copy of the NIS when it is published later this year.

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)

Major cities, including London, generally have higher levels of existing capital stock, which results in a more immediate economic benefit than some regions of the country where economic growth may be slower. However, this does not take account of social value. Government has therefore taken steps to address this and in 2019 pledged that all departments in the central government would regularly report on the social impact of new procurements and that commercial buyers would be trained on how to take account of social value.

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 (Treasury Approval Processes) 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)

A revised Green Book will be published at Spending Review (SR) following the review which is looking into, for example, Benefit Cost Ratios, the current appraisal strategy and aspects of the five case model. HMT have ensured that findings from the review are feeding into the SR process ensuring there is a greater focus for bids to reflect policy objectives, with a robust case for intervention and theory of change for how that intervention will be achieved. There will also be more emphasis on the regional impacts of interventions. Business cases for programmes and projects covered in SR20 bids will have to be developed on the basis of the revised Green Book.

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)

Government's levelling up agenda seeks to spread opportunity to every region and nation of the UK; ensuring everyone benefits from growth as well as decarbonising the economy. It targets the long-standing economic and social disparities across the country, giving everyone growing up in this country the opportunity they need to succeed. Government recognises the crucial role infrastructure plays in enabling regions and nations to succeed, and how local government is best placed to assess and address local needs.

Government is committed to ensuring that Local Authorities have the capability and capacity to deliver future projects and programmes. To this effect Government is committed to building project delivery capability and capacity across regions in order to ensure that future funding is effectively utilised and delivered.

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)

Government recognises the important role of local areas in infrastructure, and has devolved significant funding to Mayoral Combined Authorities in England through the Transforming Cities Fund and 30 year Mayoral 'gainshare' commitments. Full details of our ambitions for infrastructure funding will be set out in the NIS, and plans for devolution to local areas will be set out in the Devolution and Local Recovery White Paper later this year. We recognise that devolution of infrastructure funding requires local areas to take on proportionate accountability for delivery. For example, Mayoral gainshare funds are subject to Gainshare Reviews, and the White Paper will set out further plans to ensure that appropriate mechanisms of accountability are put in place.

Unless ring fenced, central government department grants to local authorities in England allow local authorities to set out their own priorities. Nevertheless Parliament expects assurances that such decentralised funds are used appropriately, and as part of their annual reports, government departments should include in their governance statements a summary account of how they achieve accountability for the grants they distribute to local government and similar local government organisations.

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)

A key part of the Green Book methodology is to set out forecasted benefits and benefit realisation. In support of this, the IPA reviews benefit realisation at gateway reviews, crucially at Gateway 5 reviews, which focus on a review of operations and benefits realisation approach for a programme as it transitions towards programme closure and business as usual. Gateway 5 reviews are repeatable, and IPA/departments often recommend they are undertaken regularly (e.g. annually) after a programme has closed to ensure there is ongoing accountability, and that benefits are being measured, tracked and maximised.

Each department is responsible for the publication of its own data, the IPA encourages departments to monitor and publish data on benefit realisation after projects and programmes have left the GMPP. The IPA are taking steps to explore how they can publish benefits in further Annual Reports.

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)

The UK Government delivers some of the most challenging, complex and innovative projects in the world. The scope and scale of these projects easily rivals the private sector, and some are the biggest in the world. It is crucial to invest time and energy in setting projects up for success, to obtain a clearer overview of the project lifecycle and make any required design changes when the cost of making these changes is still relatively low. Whilst successful project initiation can take more time at the start, this will be repaid many times over later on in delivery.

In line with HMT Green Book guidance, all business cases are required to set out a benefits realisation strategy and put in place the management arrangements required to ensure that the project delivers its anticipated benefits. All projects must capture benefits within a benefits register. This register should also indicate how those benefits are to be realised and assign clear responsibilities.

Government recognises that there is further work to be done, the IPA has embarked on the Get to Green programme, which will put in place a system-wide framework and toolkit to drive and support best practice in project delivery across government. This will support departments in getting the balance right and ensuring benefits are not being put to the side.

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)

Projects and programmes should be set up for success from their initial policy stages including benefits being properly scoped and understood. Government agrees that benefits should be reported and the IPA encourages departments to publish their own data and provide information to Parliament and committees setting out forecasted and realised benefits throughout the project and programme lifecycle.

The IPA are taking steps to explore how they can publish benefits in future Annual Reports.

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)

Government agrees that reporting on projects is essential and this is already underway through the Gateway 5 assurance process. Gateway 5 reviews are repeatable, and IPA/departments often recommend they are undertaken regularly to maintain accountability for project outcomes. The first Gateway 5 Review typically occurs when the project is about to hand over to Business as Usual (BAU) operation and then 6–12 months after handover to the new owner, with a final Gateway 5 Review shortly before the end of a service contract. The Gateway 5 Review can also be used on a one-off basis (e.g. annually) to check that a project is delivering its intended outputs and is appropriately measuring, tracking and maximising benefits.

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 Senior Responsible Owners (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)

Government supports giving evidence to the Public Account Committee where it is requested.

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)

The IPA strives to build the best-performing project system of any country in the world and is taking bolder action to work towards this ambition and improve outcomes. This work is being done through the publication of Project Principles, the development of a centralised data platform, and Ministerial training.

Project Principles are focused on setting up projects for success to deliver real benefits for people and communities across the UK. These principles, alongside the functional standard for project delivery are part of the IPA's wider endeavour to create a consistent culture of world class project performance.

Through the development of the benchmarking capability and a centralised data platform, the IPA is working across Government to ensure that we are more consistent at estimating costs and timescales across departments especially when announcements are made. This work will drive greater cost discipline across departments and implement the basics of proper cost estimation while also supporting Green Book principles.

As part of the wider project to develop the Government Projects Academy, the IPA has established training for Ministers, who have a portfolio that includes delivering major projects (as referenced in recommendation 28).

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)

Government's aim is to ensure projects are not locked into unrealistic point estimates when announcements are made, and projects use ranges when presenting costs and schedules. This was requested in the last quarterly Government Major Projects data return from departments who have reported costs and timescales as ranges. The IPA is working with departments to refine and provide guidance on this new way of reporting. The IPA is currently strengthening the assurance regime to deepen its impact, including refining its processes to make more use of the project data to inform reviews.

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)

Government agrees that projects and programmes should be set up for success from their initial policy stages. This is why the IPA has put in place the Get to Green programme which will establish the new framework, new assurance and support arrangements for departments in improving project delivery and have published Project Principles. There are a variety of approaches that can be taken by projects or programmes, including shadow modelling. Through the IPA benchmarking hub, Government will be able to interrogate trends to inform accurate and proper estimations across the board, and will support departments in identifying best practice.

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)

As mentioned in our response to recommendation 7, early and transparent community engagement is a legal requirement and through Planning for the Future we are changing the culture and engagement of citizens with the planning system.

In terms of large scale development, such as nationally significant infrastructure projects (relating to energy, transport, water, or waste) there is a separate application process for consent. This was introduced in the Planning Act 2008 to streamline the decision-making process for major infrastructure projects, making it fairer and faster for communities and applicants.

The process includes a structure for local engagement, including procedures for the pre-application process and consultation. This involves significant local community engagement and consultation. Applicants for major infrastructure projects are required to engage and consult with local communities, local authorities and others from the outset, with local authorities having a role in assessing the adequacy of that consultation. An application for development consent will only be accepted for further examination where there is clear evidence that consultation has been adequate.

The aim is to ensure that consultation on all development is appropriate to the scale and nature of the project and where its impacts will be experienced.

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)

The Government recognises the strong relationship between 'assurance' and 'controls' and the Get to Green programme is an opportunity for the IPA and HM Treasury to reinforce this.

The IPA's *Get to Green* programme will put in place a system-wide project delivery framework which looks to set the minimum set of requirements that projects and programmes need to meet before proceeding to the next stage in their delivery lifecycle. The IPA will be rigorously applying gateway discipline and strengthening our 'assurance' and 'controls' process with HMT to ensure that any project or programme with a Red or Amber/Red Delivery Confidence Assessment (DCA) will be unable to proceed to the next gate until these requirements have been met, and therefore Treasury funding will be withheld.

As part of the Project Delivery Framework and the refreshed assurance process we will explore the possibility of reviewing how programmes have properly consulted as part of the early decision making phase, and the need for a project to demonstrate this engagement.

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)

The need for project and portfolio management excellence at the heart of public policy delivery has never been more vital. People are the foundation upon which all project delivery is built. Government recognises that capability takes time to build and the IPA is working to put in place the structures needed to drive sustained improvement. The IPA is also looking at how this can be accelerated, for example by targeted recruitment and development of individuals with specific skills and experience, and enhancing remuneration.

Deliverability will be a key part of assessing departmental plans for investment for the coming Spending Review, and this will include looking at capacity and capability to ensure that plans are realistic.

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)

The Government agrees that training and improving skills are integral to delivery of commitments. We are currently undertaking salary benchmarking for project roles against comparators in the private sector and reviewing pay incentives for SROs and other project leaders in the light of this. Options under consideration include greater use of the pivotal role allowance and tailored bonus arrangements. Proposals for capability based pay progression for SCS roles are also currently in development, for potential implementation from April 2021. This will see pay increases towards target rates for those who develop their professional capability while remaining in role. Government is committed to ensuring the leadership behind major projects, including for SRO's, is as open and transparent as possible, given the wide range of projects on the Government's Major Project Portfolio.

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)

Government agrees that consistency of leadership is very important in major projects. SRO turnover has reduced in recent years and the IPA is looking at measures to improve retention further, including pay, reward, and progression. There should be agreement from the outset on the expected tenure of the SRO on the project, ideally throughout its life, or to agreed milestones (which may be necessary, for example, on lengthy projects which may span a decade or more). It is clear that, as well as continuity of project leadership being important to a project's success, transparency and accountability is too.

Government recognises that SRO time commitment on projects is often too low currently. In future, SRO time commitment on the project will need to be agreed on appointment, and will be reviewed as part of assurance before key stage gates: satisfactory arrangements will need to be in place before a project will be given approval to progress.

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)

In order to build capability, we plan to put in place a new, more rigorous approach to accreditation for government project delivery professionals, linked to external professional standards, and coupled with required development, to drive an improvement in project delivery skills at all levels across government.

To drive a further step change, the Financial Secretary and the Minister of State for the Cabinet Office have led on the introduction of a new training programme, agreed by the Prime Minister, for Ministers with major infrastructure spending in their departments. The first trial programme of ministerial training on sponsoring major projects was launched in July and has been attended by 13 Ministers including the Financial Secretary to the Treasury and the Minister of State for the Cabinet Office. As the programme becomes established the expectation is that all Ministers in departments responsible for delivering major projects will undertake the training. The IPA would be happy to provide further updates to the Committee on the progress of the training programme as it progresses and would be happy to host a session for the members of the Committee covering the key principles of this training if the Committee would find this beneficial.

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)

The UK Government is world leading in the amount and detail of the data that is published about major projects, in addition to the annual report the IPA publishes further specific information on all GMPP projects[3] including, departmental narratives on the whole

3 *Annual Report on Major Projects 2019 to 2020, consolidated data and narratives*

life costs, schedules (including any deviations from the planned schedule) and delivery confidence assessment's over time. The IPA encourages departments to publish their own data and provide information about their major projects to encourage transparency, and are taking steps to look into more robust and expeditious publishing of data. Further, departments report to Parliament in a variety of different ways, from parliamentary questions to submitting reports to subject select committees as well as departmental annual reports and accounts.

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)

Departments provide the IPA with standardised data on Government's major projects on a quarterly basis. This data collection is moving onto the Oscar II system which is used by both the Cabinet Office and HM Treasury.

The IPA collects this standardised data on major projects and encourages departments to do the same for their smaller projects, using the IPA definitions where practical. There is no plan to mandate collection of data on smaller projects across Government as it is not always proportionate for departments to do this for their smaller projects. The IPA encourages departments to publish their own data and provide information about their major projects.

31. **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.** (Paragraph 128)

The UK Government publishes significant detail and data on the government's major project portfolio. As part of the annual report the IPA publishes specific information on all GMPP projects[4] including, departmental narratives on the whole life costs, schedules (including any deviations from the planned schedule) and delivery confidence assessment's over time. The IPA also publishes a list with the names of Senior Responsible Owners (SROs) for the Government Major Projects Portfolio (GMPP).[5]Government recognises that increased transparency of data about major projects would be beneficial for tracking progress of major projects, the IPA will review this proposal and consider whether this information can be added to the annual report.

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)

4 *Annual Report on Major Projects 2019 to 2020, consolidated data and narratives*
5 *https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/827229/Government_Major_Projects_Portfolio_-_Senior_Responsible_Owners_list_September_2018.csv/preview*

Departments are responsible for demonstrating 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. They are also responsible for publishing data on their major projects in their annual report. Government agrees that project data should be consistent across the different reporting mechanisms and announcements. The data published in the IPA annual report is provided by departments, we would expect this to be reconciled with departmental announcements.

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)

The UK is a world leader in having a cross-governmental understanding of the size, scope and viability of the GMPP. Government agrees that highlighting changes to projects as soon as feasible is essential. The IPA encourages departments to publish their own data and to provide information to Parliament and committees setting out changes as and when they occur. The IPA will also be taking steps to look into how they can publish data more quickly.