

Thirty-Ninth Report of Session 2019-21

Infrastructure and Projects Authority, Cabinet Office, HM Treasury

Lessons from major projects and programmes

Introduction from the Committee

The government's major projects and programmes range from transport infrastructure, military capability and nuclear projects, information technology (IT) and digital programmes through to ones to improve school or government buildings. The Government Major Projects Portfolio (GMPP), which includes government's largest, most innovative and most risky programmes, currently includes 125 major programmes at a combined whole-life cost of £448 billion. Many programmes combine bespoke features and new technology, and aim to be transformational, whether that is transforming services, communities or departmental systems. These factors, along with the scale of government major programmes and the impacts they have on affected communities, create challenges in their delivery. Government must successfully overcome these challenges in order to best secure public value from the significant amounts it invests in major programmes.

The Infrastructure and Projects Authority (IPA) is the government's centre of expertise for infrastructure and major projects. The IPA provides expert project delivery advice, support and assurance to government departments, and works with industry to ensure that projects are delivered efficiently and effectively, and to improve performance over time. It leads the project delivery and project finance profession across government, and the embedding of lessons learned. It also oversees the GMPP which aims to improve the delivery of the government's biggest and riskiest projects by increasing transparency and providing independent assurance, with recommendations which Departments must act upon for programmes to progress further.

Based on a report by the National Audit Office, the Committee took evidence on 30 November 2020 from the Infrastructure and Projects Authority. The Committee published its report on 29 January 2021. This is the government's response to the Committee's report.

Relevant reports

- NAO report: [Lessons Learned from Major Programmes](#) – Session 2019-21 (HC 960)
- PAC report: [Lessons from major projects and programmes](#) – Session 2019-21 (HC 694)

Government responses to the Committee

1: PAC conclusion: *We are concerned about the value for money risks resulting from the significant increase in investment, speed of delivery and changes to how government makes investment decisions.*

1: PAC recommendation: *Within six months, HM Treasury must write to us setting out how it has assured itself that the public and private sectors have the capacity to deliver on its investment commitments, and how it intends to make rigorous investment decisions in future, in particular, through its commitment to public value statements and amendments to the Green Book.*

1.1 The government agrees with the Committee's recommendations.

Target implementation date: August 2021

1.2 HM Treasury has taken significant steps to ensure that the public and private sectors have the capacity to deliver on its investment commitments and this was a priority ahead of the 2020 Spending Review. To support this, government departments worked with functional experts on key programmes and deliverability and feasibility were integrated into the planning and spending process, for example by requiring

departments to use the Infrastructure and Projects Authority (IPA) deliverability checklist in their spending proposals. Further scrutiny was applied by a technical appraisal panel on the analysis of specific capital proposals where required.

1.3 Spending Review 2020 also embedded a new focus on real-world outcomes and tied spending and performance more closely together, to ensure that spending delivers value for money. Provisional priority outcomes were published for each UK government department, capturing the government's long-term policy objectives, from reducing crime to improving education standards across the country. This outcomes-focused approach is part of implementing the Public Value Framework and will place real-world outcomes front and centre in departmental planning and delivery.

1.4 HM Treasury has also established Project Speed, in collaboration with 10 Downing Street and the IPA, to deliver infrastructure projects better, greener and faster. Around 85 Project Speed reforms were announced in the [National Infrastructure Strategy](#) in November 2020. The department is now focused on implementing these reforms alongside developing new options to ensure the government is able to deliver on its investment commitments in a timely manner.

1.5 HM Treasury will write to the Committee within six months setting out further information on these measures.

2: PAC conclusion: *We are concerned about the continued lack of transparency to Parliament about the progress of government projects.*

2a: PAC recommendation: *HM Treasury and Cabinet Office must set out what they are doing to make sure that information on the progress of major projects is transparent and reported to Parliament in a more timely manner, particularly for those projects that are nationally important.*

2.1 The government agrees with the Committee's recommendation.

Target implementation date: July 2021

2.2 The IPA recognises that, to enable effective parliamentary scrutiny, the right type and amount of information about major projects needs to be made available in a timely fashion and appropriate format. This needs to be done with sensitivity to commercial, and where relevant national security, considerations.

2.3 The IPA's Transparency Policy includes a presumption in favour of the publication of major project data. Each piece of data or information is assessed on a project-by-project basis, and any exemption made is consistent with the Freedom of Information Act and the government's approach to the public interest test.

2.4 The IPA publishes an annual report of projects on the Government Major Projects Portfolio (GMPP) each July. This report includes an analysis of trends across the whole portfolio and insights on each individual project or programme. As part of a comprehensive refresh of the structure and content of the annual report - aimed at addressing recommendations made by the Committee in June 2020 - the IPA has taken significant steps to improve data collection and analysis processes. As a result, the data in this year's report will be current as of March 2021, instead of September 2020, halving the lag time from nine months last year to four this year. As part of this refresh, the IPA will also publish aggregate GMPP projects benefits data.

2.5 As the Committee acknowledges, from April 2021 projects on the GMPP will begin publishing summary business cases following final approval, a close-out report following completion and other long-term evaluations.

2b: PAC recommendation: *HM Treasury and Cabinet Office should also set out what they are doing to make sure that all Accounting Officers comply with the rules around making assessments of major projects (against the criteria of propriety, regularity, feasibility and VFM) and to publish summaries of this advice on a timely basis.*

2.6 The government agrees with the Committee's recommendation.

Target implementation date: August 2021

2.7 Accounting officers (AOs) are required to prepare assessments of GMPP projects when their approval of an Outline Business Case is requested. An updated assessment should be prepared at subsequent stages of the project if it departs from the four standards or the agreed plan which informed the previous approval. It is for the senior responsible owner (SRO) of the project to decide whether this is necessary.

2.8 HM Treasury requires a summary of the key points from the assessments to be provided to Parliament. Additionally, Parliament is able to challenge AOs on a decision not to publish an assessment, for example in those exceptional cases where the project is so sensitive that no disclosure of it can be made in the public domain. Parliament may also challenge SROs on the necessity of producing updated assessments at subsequent stages of the project's life cycle.

2.9 HM Treasury, the IPA and Cabinet Office will be working to strengthen existing guidance to departments on the Treasury Approvals Process, ensuring the development of assessments are an important part of the approvals process at Outline Business Case and beyond.

2.10 In line with Spending Review 2020 settlement conditions, from April 2021 quarterly meetings between HM Treasury, the IPA and departments will be held to discuss and monitor systemic matters that cut across portfolios, including best practice in making assessments of major projects.

2.11 The IPA will write to the Committee within six months to update it on progress made.

3: PAC conclusion: We welcome the IPA's plans to strengthen how it assures government's major projects and the recent clarification of its roles and responsibilities, but it remains to be seen whether the IPA will be able to effectively ensure those delivering projects make the level of improvement required.

3: PAC recommendation: Within six months IPA must write to us setting out the changes it has made to its assurance of major programmes in its reset, and how this will improve project delivery. It should also set out what action it took in relation to those projects on the GMPP currently rated as red/red-amber, and what the result has been. The Cabinet Office and HM Treasury should also write to us detailing the actions taken to ensure that Departments act on the IPA's recommendations.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: August 2021

3.2 In 2020, the IPA worked across government to ensure that every project that meets the eligibility criteria is included in the GMPP, which has led to an increase in the size of the portfolio. The IPA encourages departments to notify it of prospective major projects as soon as possible in the policy formulation process. In doing so, the IPA has improved its ability to provide the right support and scrutiny of projects and embed deliverability principles early, including through the recently published [Principles for Project Success](#) and the [Project Initiation Routemap](#).

3.3 The IPA recently separated its support and assurance functions to ensure evaluations of projects are consistently robust and impartial. From 2021, the GMPP RAG rating system will be simplified from five categories (Red, Red/Amber, Amber, Amber/Green, Green) to three (Red, Amber and Green). The focus of IPA assessment will shift from 'overall delivery confidence' to the singular question of whether a project is ready to progress through the next HM Treasury Approval Point. The IPA's support will now be required for advancement, rather than being merely advisory. Projects ranked red will not be permitted to proceed until issues are managed to an acceptable level of risk. Projects ranked amber will proceed with conditions, including a duty to report back at an agreed date. Projects ranked green will proceed without conditions, subject to usual quarterly data returns and monitoring.

3.4 As of September 2019, 43 projects were assigned Red or Amber/Red. The reasons for this varied by project. The IPA will write to the Committee within six months to update it on the actions taken and progress made on these projects.

4: PAC conclusion: *There is scope for a more mature approach to setting and monitoring cost and schedule estimates by using ranges which narrow over time.*

4: PAC recommendation: *The IPA should encourage and support departments to use ranges for cost and schedules estimates, rather than single point numbers, and write to us setting out how it is scrutinising and improving cost and schedule estimates on major programmes.*

4.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2021

4.2 In January 2021, the IPA Chief Executive Officer (CEO) addressed permanent secretaries, requesting that they insist their teams are more realistic and evidence-driven in their approach to estimations of major project cost and schedule. The IPA will formally set out new requirements of departments, on a comply or explain basis, in *Best Practices for Cost Estimating* which will be published in March 2021. This will include a requirement to use ranges that are gradually narrowed as certainty emerges. The IPA will offer additional training to SROs on cost estimation later in 2021.

4.3 The IPA is working to develop a centralised data platform to aggregate and leverage past government project data to underpin, challenge and assure future project estimations of cost and schedule. This platform will be piloted across a number of asset classes from March 2021.

5: PAC conclusion: *The calibre and number of people in leadership positions in major projects is still not strong enough.*

5a: PAC recommendation: *All SROs and people who work in the project delivery profession should attend IPA's major projects leadership academy. Cabinet Office and HM Treasury should make sure all departments comply, including ensuring that all SROs have sufficient skills and time to be able to undertake their responsibilities. They should write to us to explain how they have assured themselves that this is happening.*

5.1 The government agrees with the Committee's recommendation.

Target implementation date: August 2021

5.2 The government recognises the importance of appropriate training and continual professional development for all people working on major projects. For clarity, the Major Project Leadership Academy (MPLA) is only one of the training programmes offered or endorsed by the IPA. It has been designed to meet the specific needs of SROs and project directors (PDs) of GMPP projects and programmes. Attendance for these professionals is mandatory. SROs and PDs on non-GMPP projects should instead attend the IPA Project Leadership Programme (PLP). PLP is being refreshed and will be relaunched in Spring 2021. MPLA will be refreshed and relaunched in 2022. Other project professionals are encouraged to attend an alternative course more suited to their role, of which a number are available.

5.3 The IPA also offers training to those who are not members of the project profession but are responsible for providing oversight, such as director generals and permanent secretaries, and a new programme for ministers is now being piloted.

5.4 The refreshed [IPA Mandate](#), published in January 2021, outlines requirements that are incumbent upon departments in managing their project leadership personnel. This includes a requirement that all SROs to receive a letter confirming their appointment, the expected time commitment, tenure and necessary training. In addition, departments must appoint a designated Head of Function and Head of Profession and notify HM Treasury and the IPA if it is proposed that one person acts as SRO on more than one major programme. From 2021, the IPA CEO's approval will be required for all SRO appointments to major projects in the GMPP and an SRO will not be permitted to leave their role for another post in government without their consent.

5.5 The IPA will write to the Committee within six months to update it on the progress made.

5b: PAC recommendation: *The IPA should update us in six months about how many people and in which positions, have been accredited and across which departments. It should also explain how it plans to roll out its training to the government project delivery profession as a whole, and whether the government now has, in its opinion, enough SROs to manage the number and scale of projects promised.*

5.6 The government agrees with the Committee's recommendation.

Target implementation date: August 2021

5.7 As highlighted by Lord Maude's review, the government recognises the importance of having the right functional expertise and is taking action to address this, including within the project delivery profession.

5.8 The IPA maintains a cross-government register of project professionals and their accreditations, which is used to enforce compliance with agreed baseline standards and encourage uptake of continual professional development opportunities. Building on a number of other successful initiatives to support project professionals, in 2021 the IPA will launch the Government Projects Academy to standardise the approach to training and accreditation across government and link it to external standards. It will set prerequisite, hands-on experience required to assume different levels of project responsibility. These changes will be piloted throughout 2021 and the IPA will write to the Committee to update it on the progress made over the next six months.

5.9 The IPA produces insights on project profession capacity and capability, disaggregated at both departmental and individual project levels. These are based on data provided by departments on a quarterly basis and the IPA is exploring ways to streamline reporting processes and reduce data lag-time. The IPA has recently enhanced its capability for analysing and interpreting these data through new SRO and PD dashboards. This enables challenges to be identified and remedial actions to be agreed with departments and quickly, and for improvements to be tracked.

6: PAC conclusion: *It is vital that Parliament's own major project, the Restoration and Renewal programme, is an exemplar of an open and transparent project which welcomes scrutiny.*

6: PAC recommendation: *The government and Parliament should work together to establish a framework for how the IPA will scrutinise and assure the R&R project.*

6.1 The government disagrees with the Committee's recommendation.

6.2 The government recognises the importance of the Restoration and Renewal project and the complex challenge it presents. As the Committee acknowledges, R&R is a parliamentary rather than a government project. Therefore, it is not part of the GMPP and so not subject to HM Treasury Approval Points. While the IPA has provided informal advice at the request of the Sponsor Body and Delivery Authority, the IPA is not part of the '[Parliamentary Relationship Agreement](#)' or the '[Programme Delivery Agreement](#)', which formalise the programme's assurance regime. The IPA can continue to provide informal advice on the project where requested, but with respect for the sovereignty of Parliament, any responsibility for formally scrutinising or assuring the project must be based on an invitation from Parliament and amendment to the existing agreements.