HM Treasury and Cabinet Office
1 Horse Guards Road London SW1A 2HQ

Meg Hillier MP
Chair, Public Accounts Committee
House of Commons
London, SW1A 0AA

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TM39 Report of Session 2019-21 – Lessons from major projects and programmes

Dear Chair,

I would like to thank you and the Public Accounts Committee (PAC) for your engagement with HM Treasury (HMT), Cabinet Office (CO) and the Infrastructure and Projects Authority (IPA); we welcome your constructive oversight and scrutiny. We would like to set out the progress we have made in responding to the recommendations of the PAC, which further our shared ambition of nothing less than world class delivery for major government projects.

1) 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.

We are taking the following actions to identify and manage risks to delivery capacity, and ensure investment decisions are robust:

- ***Improved delivery assessment during Spending Reviews.*** Spending Reviews provide a critical moment for HMT to assess public and private sector delivery capacity. At Spending Review 2020 (SR20) we set out a new approach to infrastructure investment and delivery across the UK, with a new National Infrastructure Strategy (NIS) outlining our long-term vision. Building on this, we have using Spending Review 2021 (SR21) to challenge delivery for ongoing programmes and new bids, by requiring departments to submit deliverability assessments as part of their bids and through ongoing scrutiny. This has included the Treasury's capital appraisal panels, attended by chief economists and the IPA, that took place in September 2021. These panels have supported HMT to ensure that bids have realistic and accurate profiles; decisions are informed by a clear understanding of delivery risks; and departments have the capacity and capability to deliver their capital portfolio.

- ***Project Speed improvements to the delivery and governance of major projects.*** HMT has established Project Speed, in collaboration with 10 Downing Street and the IPA, to deliver infrastructure projects better, greener, and faster. Around 50 Project Speed delivery reforms were announced in the NIS in November 2020. We are now focused on implementation to ensure that the government can deliver on its investment commitments in a timely manner. Following the PAC's recommendations, we have worked with departments to review the approvals system for major projects and programmes and will publish updated Treasury Approvals Process guidance. The updated guidance will underpin a more consistent system that strengthens current practice. Progress on this will be tracked by HMT.

- ***Robust risk management. Alongside the Green Book's guidance on risk, the Orange Book sets out a comprehensive risk management framework.*** Many risks are managed at the project or programme level, assisted by additional IPA guidance and training. These are regularly monitored and tackled through the IPA's quarterly reporting requirements for the Government Major Projects Portfolio (GMPP). As we set out in our letter to this Committee on 23rd June 2021, we are taking steps towards better risk management within individual programmes and projects, the wider macro environment, and organisational contexts. For example, supply chain constraints continue to be monitored across government, such as through the Government Construction Board. To provide certainty to the market and mitigate future supply chain constraints, the IPA has set out the planned construction procurements for industry, including the skills required, in the National Infrastructure and Construction Pipeline. This was published in September 2021, providing clarity and transparency on our forward plans.

- ***Working with industry.*** Clear consideration of risks and their lifecycle management has also been embedded within the Sourcing and Construction Playbooks, which have been developed with industry input.

- ***Increased capacity and skills.*** We are taking steps to increase the skills and capability of those involved in the development of delivery of major projects, including, as explained further below, through the IPA's Major Project Leaders Academy and provision of training to ministers, senior officials, and users of the Green Book. The Evaluation Task Force is also working to ensure robust evidence on the effectiveness of policies and programmes sits at the heart of spending and operational decisions.

- ***Training and guidance on the Green Book and Public Value Framework.*** Following the conclusion of the 2020 Green Book Review, HMT has updated its guidance on the project appraisal requirements. This now provides stronger and clearer advice on what constitutes value for money – particularly whether and how a proposal delivers its strategic objectives. This will support those working on projects to put forward better evidenced investment proposals, and in turn will facilitate more robust investment decisions by departments and HMT. Furthermore, as part of implementing the Public Value Framework at SR20, the government published a set of provisional priority outcomes and metrics for each department. Departments have now set out their Outcome Delivery Plans, which were published on GOV.UK in July 2021. The IPA has also published a draft 'Project and Programme Outcome Profile' tool, to support projects to identify their contribution to the government's priority outcomes.

2a) 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.

Please refer to the letter sent to the Committee from the Minister of State at the Cabinet Office, Lord Agnew, on 15th July 2021, which followed the publication of the IPA's Annual Report 2020/21. In the report, the IPA implemented two important changes to improve the transparency of information regarding major projects. This included the publication of GMPP projects' position as of 2020 Q4 - 31 March 2021. This reduced the lag between the data snapshot and publication from 9 to 3 months.

This year's report also included information on benefits delivered by GMPP projects, broken down by the category of projects. This breakdown covered the following categories: Infrastructure and Construction projects, Government Transformation and Service Delivery projects, Military Capability, and Information and Communications Technology projects.

As mentioned in our initial response in March, from April 2021 infrastructure projects on the GMPP have begun publishing summary business cases on departmental websites following final approval, a close-out report following completion and other long-term evaluations. The first of these will be published by the end of 2021.

2b) 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.

The next update to Managing Public Money will set out clarified rules requiring the use of AO Assessments and timely publication of summaries for projects in the GMPP. In addition, HMT will publish updated AO Assessment guidance before the end of the year, clarifying the detailed requirements, including against each of the four criteria. The department will continue to publicise these requirements through regular seminars and training events to those working in strategic finance across central government organisations, including emphasising the importance of the AO assessment process as part of the induction training delivered to all new Accounting Officers. These actions will ensure the requirements are well understood across central government. The Treasury will also work with the IPA to ensure AO assessments are being produced when appropriate for specific projects as they progress through the GMPP (including monitoring through the Treasury Approvals Process such as at the Major Projects Review Group).

3) 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.

The refreshed IPA Mandate makes clear that 'projects must be ready to proceed at each stage of the Gate Review process and have the support of the IPA before progressing to the next stage.' The IPA has continued to refresh and strengthen its regime of assurance to deliver this responsibility.

From April 2021, the IPA has carried out 75 assurance reviews, providing objective assessments of suitability to progress through stage-gates. Over the reporting period, the IPA has rolled out reforms so that assurance:

- ***Drives action and focus.*** From April 2021 onwards, assurance reviews have provided AOs with a 3-point RAG 'stage-gate assessment (SGA)', rather than a 5-point RAG assessment of overall 'delivery confidence'. This provides a clearer assessment of readiness to pass through the relevant stage-gate.

- ***Underpins a cross-government 'Response to Red'.*** In the event where projects receive a 'RED' stage-gate assessment, the IPA now routinely writes to the AO and Senior Responsible Officer (SRO) setting out critical actions, based on a risk-based assessment, needing urgent attention. This is followed by a further 'Assurance of Action Plans' review to ensure actions are completed, or sufficiently progressed within a target period of 12 weeks. Where actions are not completed, the Treasury will consider withholding funding until there is clear evidence that the department has implemented the IPA's recommendations or other measures have been enacted to address the critical actions.

- ***References wider government priorities.*** The IPA has published refreshed assurance workbooks with clearer references to priorities such as net zero and promoting the importance of cost estimation as part of the assurance regime.

The IPA are making operational changes, updating guidance and delivering training to drive consistency of approach across all departments.

4) The IPA should encourage and support departments to use ranges for cost and schedule 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.

In April 2021, the IPA published the government's first ever guide on cost estimating for government projects. This guidance sets out a "comply or explain" approach based on best practice from across the private and public sector. The document sets out that projects must use ranges supported by accuracy bands and data, as opposed to single point estimates. The document has also been translated into the IPA's Assurance refresh and new Government Project Delivery Framework. Both these mechanisms demand that projects demonstrate and set out how they have met the requirements and expectations outlined in the document. Failing to meet these requirements will result in the project not progressing to the next stage in the approval process. The IPA is working with Treasury and government departments to ensure projects are applying these principles and requirements through monitoring of the GMPP and the Treasury Approvals Process.

There is a lack of high-quality training for cost estimating available to government and industry. Therefore, the IPA is partnering with a leading learning supplier to deliver a new cost estimating course for government, which will help to develop and standardise government cost estimating capability.

Finally, the IPA is developing a centralised benchmarking hub to collect and make data available on key and repeatable assets for government projects. This data will help to challenge and inform business cases, leveraging past government data to support and underpin future investment decisions.

5a) 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.

The Major Projects Leadership Academy is an 18 month development programme for major project leaders, with admission governed by strict admission criteria. All GMPP SROs are expected to complete MPLA unless they have an exemption agreed with the IPA, for example because they have equivalent qualifications and experience, or have only a short tenure remaining in the role. MPLA completion, or written commitment to attend is a condition of SRO appointment letter sign off.

MPLA attendance and completion records are maintained and reviewed on an ongoing basis, and SROs are required to report their MPLA status as part of quarterly GMPP reporting data. SRO appointment letters and MPLA training status are also considered as part of assurance and approvals at key stage gates, and taken into account in deciding whether or not a project is ready to proceed to the next stage. If an SRO consistently refuses to attend the MPLA, this will be taken up with the permanent secretary to ask them to remedy the position, or otherwise consider whether the individual should continue as SRO.

The significant increase in new projects joining the MPLA over the last six months means that not all SROs have yet undertaken the MPLA. Additional cohorts have been arranged, with GMPP SROs given priority and a new digital format has been introduced to increase accessibility. GMPP data shows that at the end of Quarter 1 (end June) 2021/22, 102 (68%) of GMPP SROs had completed, were on, or had an agreed exemption from, the MPLA[1] . Quarter 2 (end September) data, available in mid-November, will show a further increase, although continued GMPP expansion between Q1 and Q2 means there will remain a gap, which we are continuing to work to address.

The IPA has also established the new Government Projects Academy, to equip a wider range of government project professionals with the skills needed to deliver projects successfully.

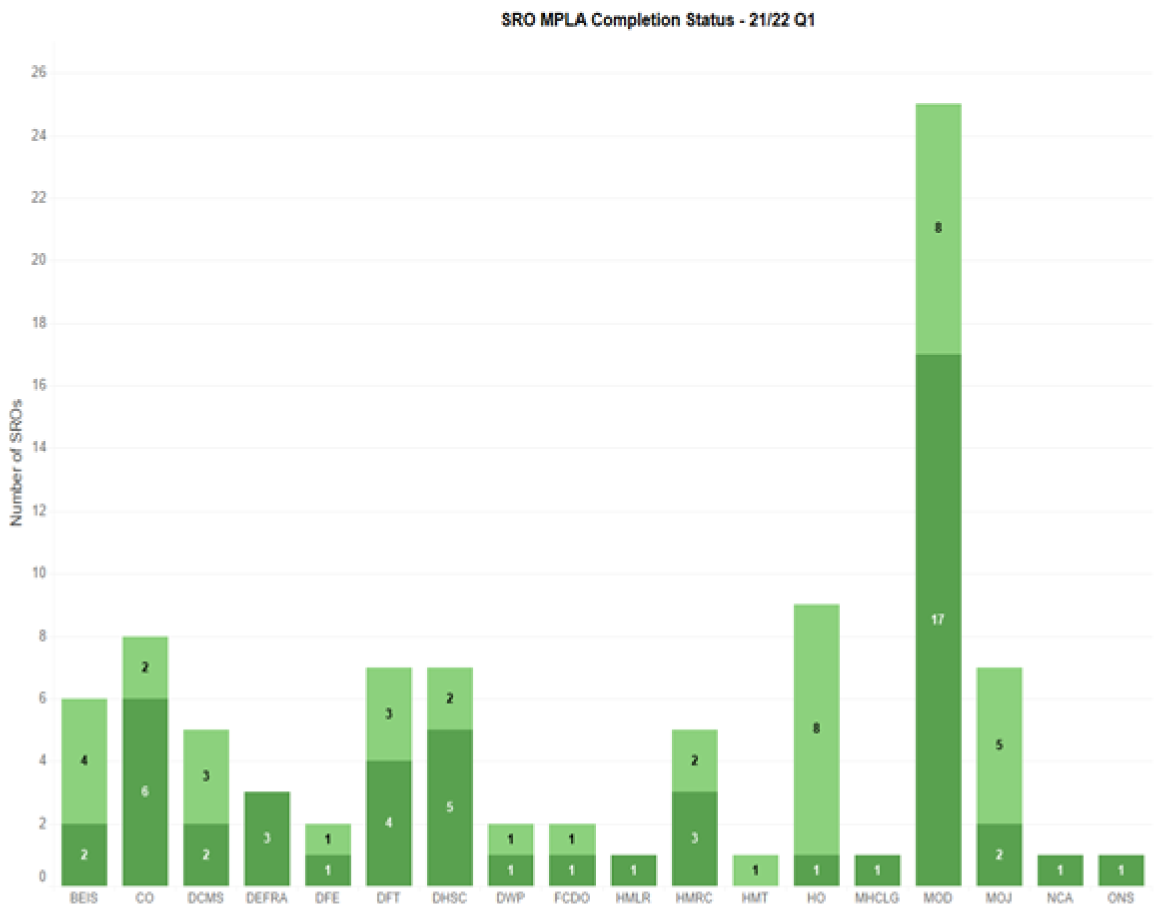
The Government Projects Academy will provide government project professionals and others with access to a wide range of project delivery training and qualifications - such as APM Chartership - alongside the existing leadership programmes (PLP, MPLA and OMP). The intention is to provide a much clearer training and professional development offer for people working in project delivery, linked to the new four-level accreditation scheme for government project professionals being introduced this year. More information on this is provided below (see

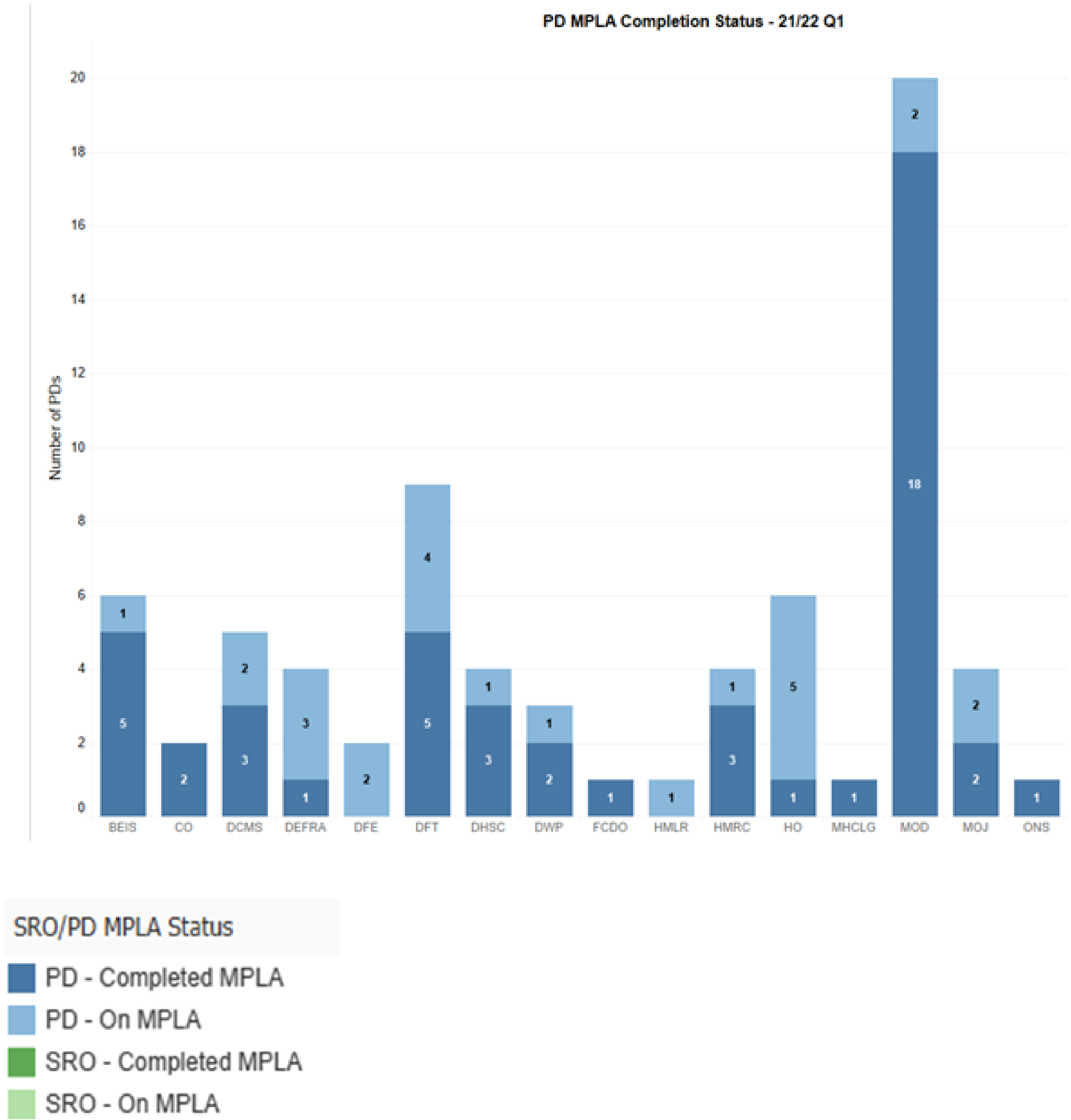
[1] The IPA considers exemptions on a case-by-case basis and are approved by the IPA's CEO. Reasons for exemption can include the SRO's GMPP programme concluding before they would be able to complete the MPLA, particularly if the SRO is not expected to lead another GMPP programme, for example, due to retirement in the next 12-18 months. An exemption might also apply where the SRO has a recognised equivalent qualification. Where the SRO has not attended MPLA, the IPA seeks to ensure that the Programme Director has.

update for recommendation 5b).

5b) 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.

MPLA is a development programme and does not confer any form of recognised professional accreditation. However, the chart below shows the number of GMPP SROs and Programme Directors who have completed, or are on, MPLA by department as at Q1 2021/22.





Currently no formal accreditation scheme exists for project professionals in government. To remedy this, a new four-level professional accreditation scheme for government project professionals, ranging from foundation level to mastery, is also being introduced.

Design of the scheme has now been through rigorous design and extensive consultation. Following evaluation of early adopter pilots, the scheme will be rolled out progressively from early 2022 onwards.

The IPA aims to assess and accredit over 100 ‘master practitioners’ and ‘senior practitioners’ in the first year. ‘Foundation’ and ‘practitioner’ assessments will be conducted within departments. To complement accreditation, a revised learning curriculum has been developed and will be available through a new Government Project Delivery Hub. This will host access to the Government Projects Academy, and associated training, guidance and tools and will enable detailed data on accreditation at all levels of the profession to be managed and tracked.

GMPP data shows that the number of SROs has increased, and there are very few SRO gaps currently, although some roles are covered on an interim basis pending permanent appointments. The IPA continues to work with departments to increase SRO capacity and capability, both through developing and training new leaders, individual recruitment campaigns, and wider initiatives such as the newly established Expert Leaders Talent Pool, which has recently recruited a number of SROs for deployment to GMPP projects in departments. Pivotal Role Allowances are also being used to support attraction and retention for these challenging roles.

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

The Committee is aware that the Restoration & Renewal (R&R) programme for the Palace of Westminster is not a government project and does not form part of the GMPP. As such, IPA participation in the programme is by invitation from the Sponsor Body only. Nevertheless, we are ensuring appropriate support for the project in the following ways:

- ***Official engagement with the Sponsor Body.*** For example, HMT is providing technical Green Book and appraisal support. The IPA is also providing specialist support on business case development and programme assurance. As the Outline Business Case for investment develops towards the end of this year, the IPA expect to be asked to provide further reviews and advice around the project.

- ***Contributing to R&R's 'Strategic Review'.*** We contributed to this review which aimed to ensure continued delivery towards R&R's objectives, in accordance with the programme's timescales, cost control and benefits realisation. The review's external 'challenge panel', set up to provide advice on the direction of the project, included myself (Cat Little) and the Chief Executive of the IPA.

I trust that the above developments reaffirm our and the government's commitment to learn lessons and improve the delivery of major projects. Going forward, we remain committed to working with the Committee and others to further this aim, as part of our ambitious agenda around the delivery of major government projects.

Best wishes,

Alex Chisholm

Civil Service Chief Operating Officer

and Cabinet Office Permanent Secretary

Catherine Little

Director General Public Spending

HM Treasury