National Audit Office

A British perspective on improving the performance of major projects

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About the NAO

- The National Audit Office (NAO) **scrutinises public spending** for Parliament.
- We help to **hold government departments** and the bodies we audit **to account** for how they use public money.
- Our work helps public service managers to **improve performance and service delivery**, nationally and locally.

Content

Today's presentation will cover:

- Historic performance and problems in project delivery
- Changes at the centre of government to improve performance
- Learning from experience
- Remaining challenges

A bit of history

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- OGC Gateway Review launched January 2001
- Major Projects Review Group
- 2010 NAO's "Assurance for High Risk Projects" published
- 2011 the Major Projects Authority was founded
- 2016 MPA and IUK merger to form Infrastructure & Projects Authority

IPA addresses project failure…

...in the biggest and riskiest GMPP projects

The Major Projects Authority (now IPA) has a Prime Ministerial Mandate to improve the delivery of major projects in government

Assurance

- Gateway Reviews
- Integrated Assurance & Approval Plans
- MPRG

Support

- Intervention
- Advice & guidance
- Access to peers

Report

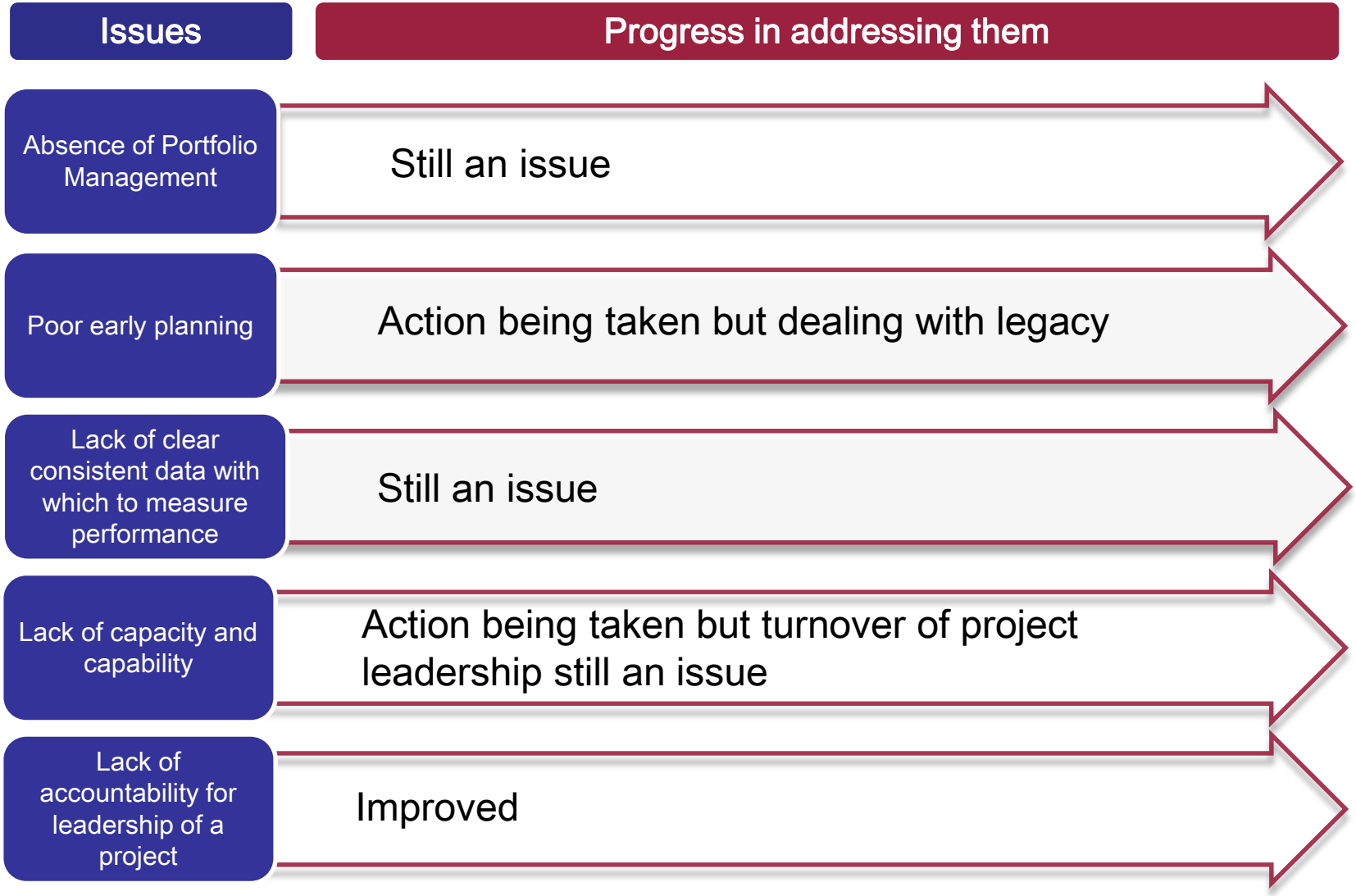
- Government Major Projects Portfolio
- Quarterly Progress Returns
- Annual Report

Capability

- MPLA
- PLP
- Developing the profession

Delivering major projects in Government:

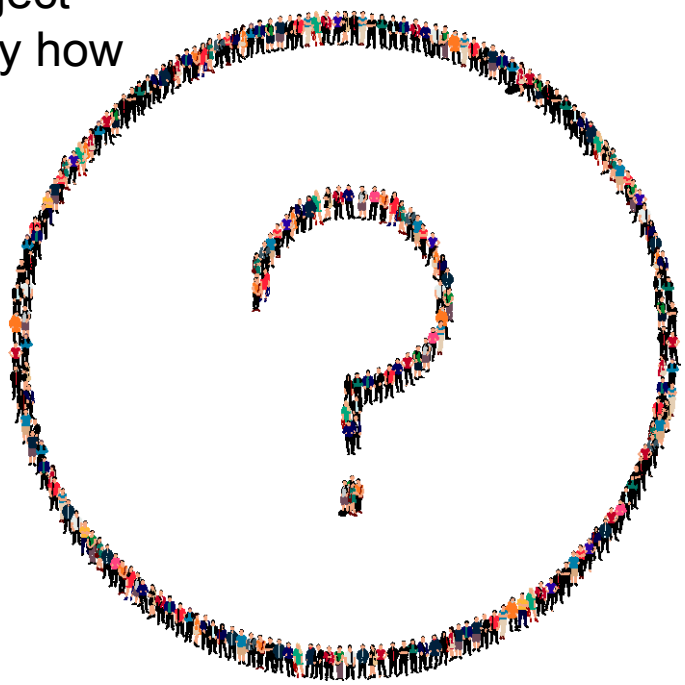
Progress in addressing Recurring issues which have affected delivery



So have things improved?

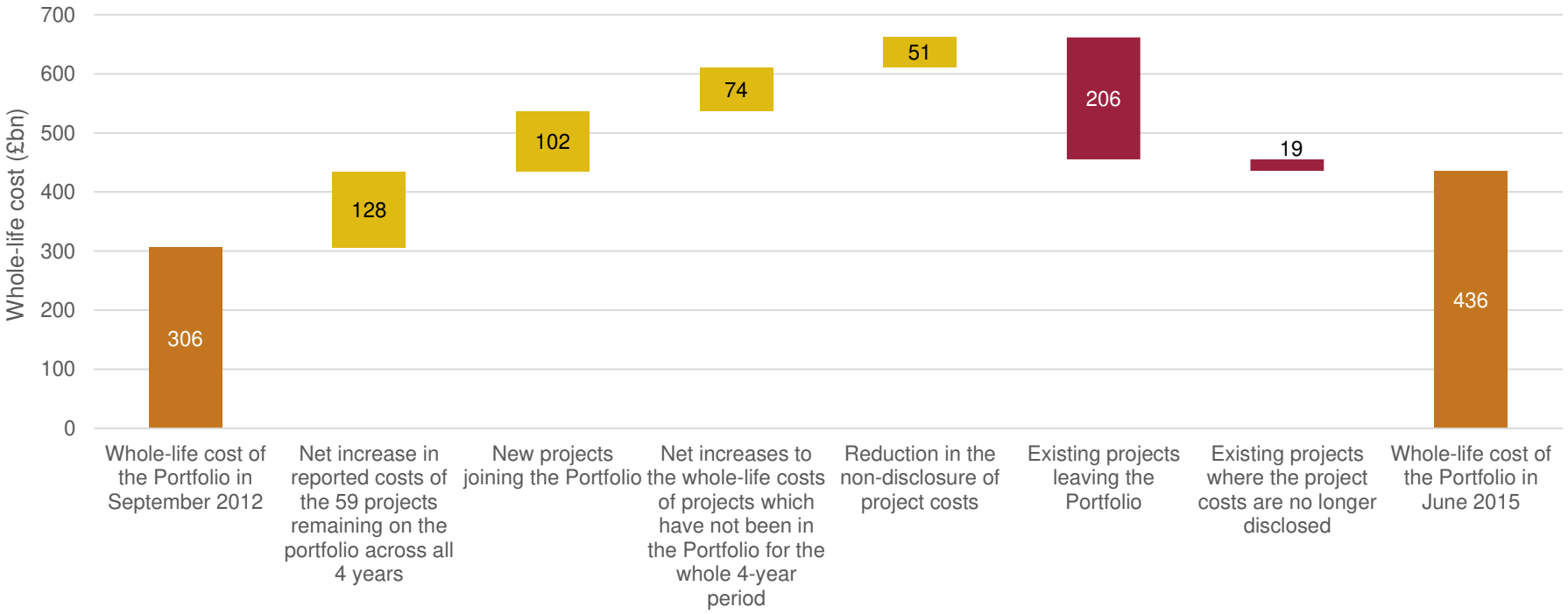
The IPA and departments have taken many positive steps to improve capability and provide greater assurance but cannot demonstrate success.

It cannot evidence that the success rate of project delivery is improving and has not set out clearly how it would measure success.



Reported costs are higher than in 2012

Aggregate and disclosed costs were higher in 2015 than in 2012



These were due to changes in the changes in the composition of the portfolio; more costs being disclosed and inclusion of previously unknown costs

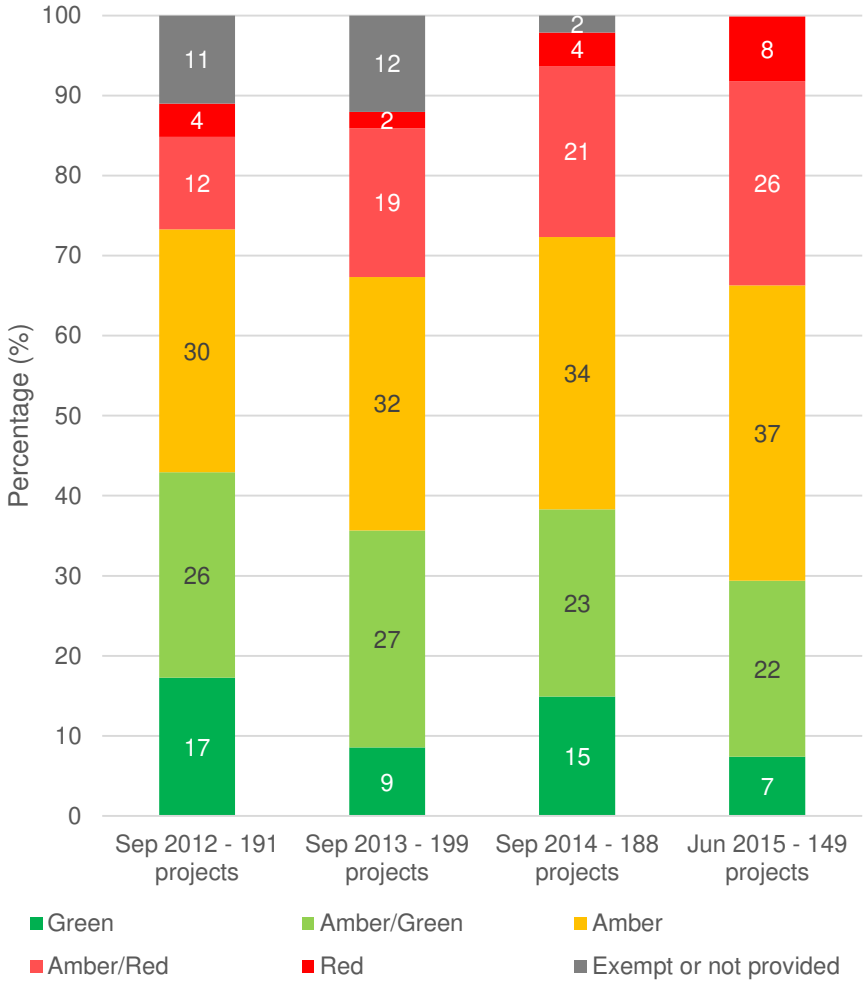
More projects in doubt now than in 2012

The percentage of red & amber/red projects increased and the percentage of green & amber/green decreased. This is because:

- 21 new R & A/R projects added
- Delivery confidence declined for 16
- 6 remained unchanged
- 66 G or Aleft the /G portfolio
- 26 projects improved to G or A/G

For projects in the Portfolio for all 4 years:

- G & A/G projects increased
- R & A/R projects also increased



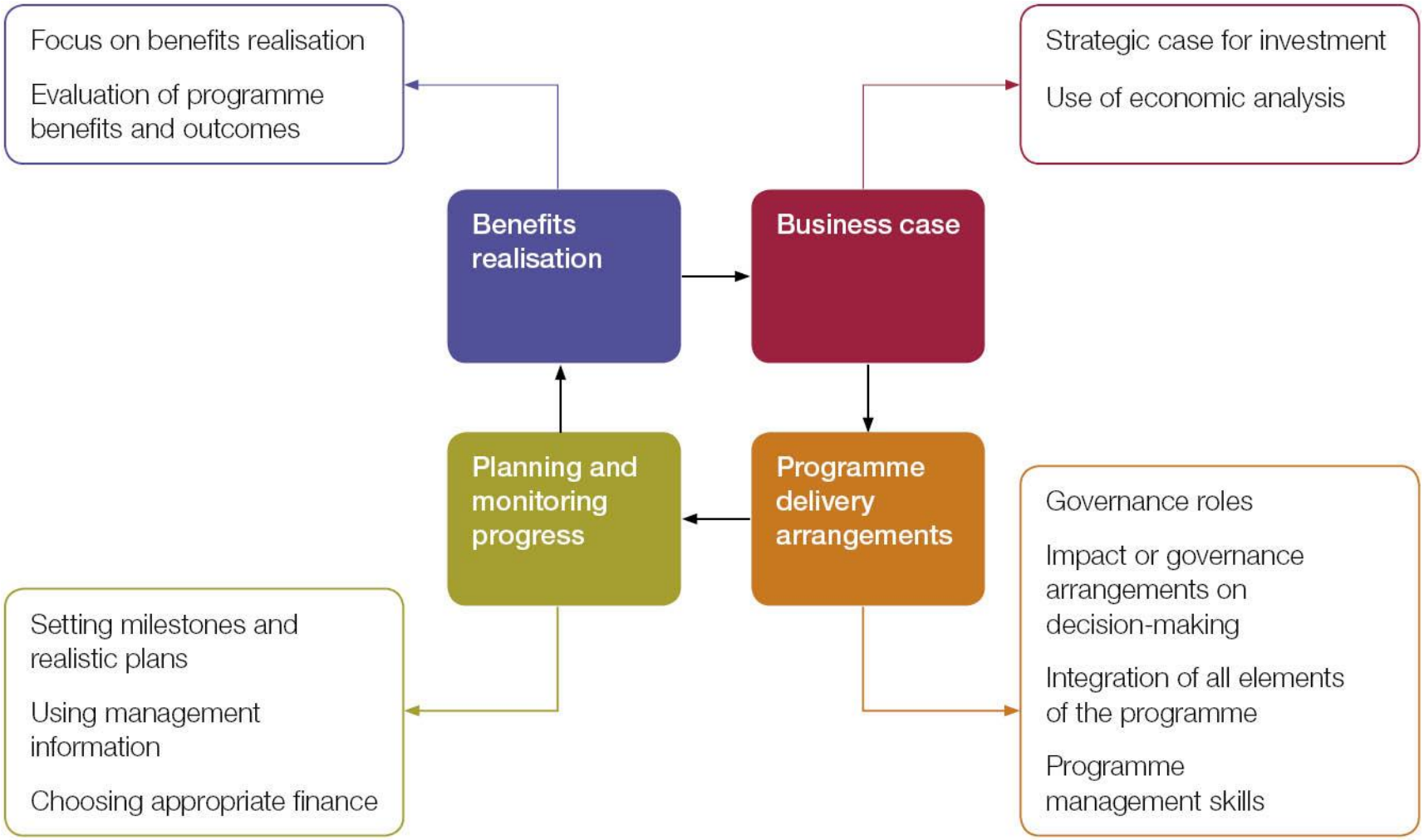
Delivery confidence for 35% of projects due to finish this Parliament is in doubt or unachievable. 80% of projects due to finish by 2020 are 'transformation'.

Department for Transport:

Lessons from rail infrastructure

- £3.6bn to £21.4bn range of actual or forecast costs
- 13 to 29 years range of timescales
- 5 significant rail infrastructure programmes since 1998

Summary of the issues faced by DfT



Crossrail

"On the whole and to date, the Department together with its co-sponsor Transport for London and its delivery body, Crossrail Limited have done well to protect taxpayers' interests…"

- Good planning;
- Good scrutiny through the assurance regime (MPRG etc);
- Action taken to stop costs escalating;
- Good management information – clear view of progress on costs and schedule; and
- Good governance and oversight arrangements.

Department for Work and Pensions:

Lessons from Welfare Reform

Huge number of reforms while reducing expenditure and demand was increasing:

- Relied too heavily on uncertain and insufficiently challenged assumptions.
- Portfolio management.
- Management information.
- Respond better to operational advice.

Shergold recommendations - lessons from the British experience?

- Standards of proficiency, increased development opportunities and participation in professional communities of practice.
- Clear understanding of who accepts end to end responsibility for managing implementation
- Tiger team capacity.
- Greater emphasis on program leadership.

What are the challenges for the UK now?

Three key challenges for the Parliament are to:

- prevent departments making firm commitments on cost and timescales for delivery before plans have been properly tested;
- develop an effective mechanism whereby all major projects are prioritised according to strategic importance and that capability is deployed in priority areas; and
- put in place systems and data which allow proper performance measurement.

But this is within a context of increasing challenge

Challenges

Volume of projects

- 149 projects in the Government's Major Projects Portfolio;
- 30 of these are infrastructure, estimated at £170 billion
- 564 projects in the National Infrastructure pipeline worth £411 billion
- Another £26 billion capital spend outside
- Plus Network Rail and other

Size of projects

- Crossrail the largest infrastructure project in Europe

Ambition and complexity

- Departments are delivering several projects at once
- Across departmental boundaries
- Involving a diverse supply chain
- Multiple policy objectives

Timescales

- 30% will take more than 10 years to deliver; and
- 4 will take more than 30 years

Where to go for more information

Delivering major projects in government: a briefing for the Committee of Public Accounts 6 January 2016	https://www.nao.org.uk/report/delivering-major-projects-in-government-a-briefing-for-the-committee-of-public-accounts/
Welfare Reform – Lessons learned 29 May 2015	https://www.nao.org.uk/report/welfare-reform-lessons-learned/
Assurance of major projects 2 May 2012	https://www.nao.org.uk/wp-content/uploads/2012/05/10121698.pdf
High Speed 2 A review of early programme preparation 16 May 2013	https://www.nao.org.uk/wp-content/uploads/2013/07/Full-Report.pdf
Major Projects Report 2015 and the Equipment Plan 2015 to 2025	https://www.nao.org.uk/search/keyword/Major+Projects+Report/type/report/
Crossrail 24 May 2014	https://www.nao.org.uk/press-releases/crossrail/
Lessons from major rail infrastructure programmes 29 October 2014	https://www.nao.org.uk/wp-content/uploads/2014/10/Lessons-from-major-rail-infrastructure-programmes.pdf