

DESIGNING AND DELIVERING MAJOR CAPITAL PROGRAMMES



Highlights from the Major Projects Association event
held on 10th March 2016

The Infrastructure and Projects Authority (IPA), supported by Deloitte, has examined a number of major capital programmes in order to inform the effective design and delivery of future investments.

The IPA's discussion document '*Insights from recent experience*' centres around four key areas which enabled the programmes to address the significant challenges in their delivery. These include:

1. The shifting boundary between the public and private sectors
2. New ways of working across government
3. The changing operating environment
4. A more capable public sector

An evening of discussion sought to examine these areas for their relevance and transferability, in order to contribute to a robust understanding of the conditions for the successful initiation and delivery of major capital programmes.

The event provided rich commentary on the IPA's findings, and also takeaways for the Authority as they position themselves to walk the line between assurance and support. The following report is a capture of that discussion.

The issues are the same but different across major projects.

There was general agreement that the findings land well in today's capital programme environment. However, it was felt that they were geared more towards new client organisations and not serial deliverers, which may view the risk and opportunity associated with bespoke approaches through a slightly different lens. Major capital programmes need to translate past experiences and find their own way.

Projects need to achieve more than just the end point.

The appropriate use of benefits was questioned. Delegates discussed whether there was an overemphasis on direct benefits and retrofitting a business case to justify a clear imperative. It was suggested that sponsors should embrace the fact that there is no one right answer, and focus effort on redefining value and exploiting the benefits for the greater good.

Spend as much time on the design of the organisation as you do on the design of the asset.

The IPA is dedicated to learning lessons. Among these has been the importance of the early planning stages and capturing where the public sector has been able to parallel the intelligent design of the delivery organisation, the configuration of the supply chain and the evolution of the commercial models. Delegates recommended that to get the external support required, projects needed to come onto the IPA register earlier.

THE SHIFTING BOUNDARY BETWEEN THE PUBLIC AND PRIVATE SECTORS

While the challenges of effectively transferring overall delivery responsibility to the private sector are widely accepted, the delegates had confidence that, 'If we can get the policy and strategy right, then the public sector will deliver.'

Trying to transfer all the risk atrophies intelligent client capability.

There was consensus that there is a bigger role for the public sector in delivery: the inception phase and strategic risk assessment is the responsibility of the public sector. There needs to be early definition of requirements before the private sector can take on more risk and accept contingent liability.

NEW WAYS OF WORKING ACROSS GOVERNMENT

The view was that government needs to grow its capability alongside a more capable public sector client. In view of the scale of what the Government has to deliver, to treat it as anything but a delivery body was of concern.

However, it was questioned whether the level of understanding to underpin this was consistent across government, and whether more effort should be focused on upskilling the public sector.

It was suggested that government should be looking at how resources can be deployed to build a more informed skill set. It should also be investing down the chain – moving away from a skills focus on management to programme leadership, commitment and effective resourcing.

Politics give you the democratic mandate to spend taxpayer's money.

New models of funding need to be matched by new models of approval. It was agreed that there is still scope for more dynamic approvals. 'Acknowledgement of the journey' through collaboration gives you the flexibility to address the problems as you go along. This flexibility should be accompanied by planned transitions in governance and capability appropriate to the stage of the programme. However, it was appreciated that there are constraints around testing new ways of working on large, high-risk projects.

Delegates also recognised there is beginning to be a national voice for infrastructure, but that there is a continued need to drive the demand for this outside of London.

THE CHANGING OPERATING ENVIRONMENT

Caution here was advised. In the design of major capital programmes be careful that you do not inadvertently create more levels of bureaucracy where they are not needed. A good programme of work allows you to bring in capability when you need it, for set periods.

You get the supply chain you deserve.

The view was that there is still work to be done in building logic into projects to make them more workable and outcome focused; addressing the need for Ministers to demonstrate progress while securing longer-term investment and sensible milestones in the overall delivery.

The importance of programme controls in highly complex delivery environments resonated throughout the discussion; as did the suggestion that programme controls are not valued to the level that they should be.

A MORE CAPABLE PUBLIC SECTOR CLIENT

Delegates acknowledged that 'we have grown a UK Infrastructure plc capable of delivering projects' with mature, intellectual dialogue that recognises the uncertainty of major schemes. Nevertheless, there is a finite supply of this 'expert' capability, and it was questioned whether the issue of this shortage was high enough on the agenda.

Demonstrating the ability to use good data to respond to variation in a timely manner is how you build confidence and earn autonomy.

Major capital programmes are not a defined career path – in part because of the difficulty in articulating the required capability, and in part because the sector will not be seen as 'attractive' until you have a Permanent Secretary with delivery experience.

CONDITIONS FOR SUCCESS

Delegates articulated the conditions for the successful initiation of major capital programmes as being: alignment with a simply stated purpose; the adoption of a systemic approach to project initiation resulting in a very clear governance structure; and commitment, strong leadership and political consensus.

POINTS FOR FURTHER DISCUSSION:

- Is success dependent upon aligned interests?
- Do major capital programmes need a political sponsor to keep them from unravelling?
- Is there too great a disconnect between political and programme development timescales?
- Is there sufficient recognition of the need for continuous and stage-appropriate sponsorship?

Success or failure is determined during initiation. The rest is just a battle to preserve or recover value.

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