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Committee of Public Accounts

Major Projects Authority

Tenth Report of Session 2014–15

*Report, together with the formal minutes
relating to the report*

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Committee of Public Accounts

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Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/pac. A list of Reports of the Committee in the present Parliament is at the back of this volume. Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee is Sarah Petit (Clerk), Claire Cozens (Committee Specialist), James McQuade (Senior Committee Assistant), Ian Blair, Sue Alexander and Jamie Mordue (Committee Assistants) and Janet Coull Trisic (Media Officer).

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Contents

Report	<i>Page</i>
Summary	3
Conclusions and recommendations	5
1 Assurance over the government major project portfolio	9
2 The performance of projects in the portfolio	13
Formal Minutes	15
Witnesses	16
List of printed written evidence	16
List of Reports from the Committee during the current Parliament	17

Summary

We support the work of the Major Projects Authority (MPA) and recognise the progress it has made in strengthening project assurance and improving the transparency of information on the costs, risks and performance of government major projects. However, it faces significant challenges in achieving further improvements because there are still serious weaknesses in government's project delivery capability and its portfolio of projects is rapidly increasing in size. There is still a lack of prioritisation and portfolio management at both a departmental and a cross-government level. The MPA is currently involved in many aspects of project management but in certain areas, such as ensuring departments act on its advice or in recruiting leaders for major projects, it is constrained by having to rely too heavily on informal means to influence departments.

Conclusions and recommendations

1. The MPA was established in March 2011 as a partnership between the Cabinet Office and HM Treasury with a Prime Ministerial mandate to improve project delivery across government through robust assurance measures. Since then the MPA has developed a range of interventions to give assurance over government major projects and to support HM Treasury approval and funding decisions. It has also established the Major Projects Leadership Academy to train senior project leaders in the civil service. In September 2013, the Government Major Projects Portfolio consisted of 199 major projects covering a wide range of activities, from transforming how departments do their work to building ships and motorways. These projects represent a considerable and rising cost to the taxpayer: the MPA reported in May 2014 that the whole-life cost of these projects was £488 billion, an increase of some £134 billion on the previous year.
2. **The MPA is unlikely to achieve a systemic improvement in project management without stronger, more formal mechanisms for driving change.** At present, the Treasury does take account of MPA recommendations when making spending decisions, but it is under no formal obligation to follow them. Equally, the MPA often has to rely on personal credibility and informal influence, rather than having formal mechanisms, to get its voice heard in its work with departments. For example, the MPA is helping with recruitment for leadership positions on several major projects, but only on an ad hoc basis and told us that its role is not yet 'systematised'. This lack of formal powers reduces the influence of the MPA with the Treasury and with departments, limiting its ability to drive improvements in project management.

Recommendation: *The Chief Executive of the MPA should have a formal mechanism available, equivalent to an Accounting Officer letter of direction, to set out his position if a project proceeds contrary to MPA advice to cancel or re-scope. More generally, where ministers or officials reject MPA recommendations, there should be a formal and transparent process in place to document this.*

3. **The MPA provides welcome visibility of the Government Major Projects Portfolio, but despite the scale and the cumulative risk to the taxpayer, it is managed as a series of individual projects rather than a portfolio.** Although we have previously recommended that major project data should be used to manage spending and prioritise resources between projects, nobody in central government is responsible for overseeing projects at a strategic whole-of-government level. The value of the portfolio grew by £134 billion between September 2012 and September 2013, but much more could be done to assess and manage the increased level of risk this exposes government to, including to identify areas where too many projects are underway and departments may be struggling to cope.

Recommendation: *The Treasury should take ownership and responsibility for overseeing the government portfolio. It should ensure that decisions about whether, and how, individual projects should proceed are based on each project's impact on the total portfolio's value and risk, and the relevant department's delivery capability and existing portfolio of projects.*

4. **The MPA could increase its impact by prioritising its assurance work more effectively.** The lack of robust planning in the concept, design and business case stages of projects has been a serious issue with government major projects for many years and exacerbates problems during project implementation. The two red-rated IT projects at the Department of Health are good examples of where the effects of past poor planning are still felt today. The MPA has introduced Project Validation Reviews to strengthen its assurance work at the early stages of projects. However, it acknowledges that more needs to be done to “work the front end harder”. It is also notable that some departments have significantly worse delivery confidence ratings across their projects than others and these would benefit the most from MPA interventions. For example, the Department of Health has 2 red and 9 amber-red rated projects, while the Ministry of Defence has 1 red and 6 amber-red rated projects.

Recommendation: *The MPA should work with departments to improve their project planning, and ensure that they have devoted sufficient attention to the planning phase before seeking project approval. The MPA should pay particular attention to departments with challenging, high-risk portfolios of major projects, such as the Department of Health and Ministry of Defence.*

5. **The Major Projects Leadership Academy (MPLA) is a welcome development but there is scope for it to target top decision-makers as well as project managers.** The MPLA is currently focusing its efforts on training Senior Responsible Owners (SROs) and programme directors. It has already trained 200 of these, and by the end of 2014 expects all government project leaders to have taken part in its training. Two ministers have attended half-day or full-day courses on project management run by the MPA and found it helpful. It would be beneficial to extend this support more widely, as it would help to develop greater awareness of project delivery issues at the highest decision-making levels in government.

Recommendation: *The MPA should develop and implement a tailored approach to improving the project delivery skills and awareness of ministers, shadow ministers, and permanent secretaries.*

6. **The MPA’s assessment of major projects does not cover value for money considerations.** The value for money of projects is considered by the Treasury when assessing project business cases, but there is little monitoring of the issue once projects are being implemented. At present, the MPA reviews focus primarily on the budget and timetable of projects. The lack of scrutiny has allowed projects which achieved poor value for money, such as the sale of Royal Mail and the awarding of the rural broadband contract, to proceed without challenge. The MPA Chief Executive acknowledged that value for money was not ‘front and centre’ for the MPA, and agreed with us that it should be an integral part of reviews.

Recommendation: *The MPA assessment should include explicit consideration of whether the project is likely to deliver good value for money, alongside its existing assessment criteria.*

7. **Despite welcome progress in extending the range of information published, the data is infrequent and out-of-date, and too much is still withheld.** The MPA's second annual report was a significant improvement on the first, with 30% less data withheld and more analysis provided. However, too much data is still missing. We are particularly concerned that the decision to award a 'reset' rating to the Universal Credit project was an attempt to keep information secret and prevent scrutiny. The Government's transparency policy is too restrictive as it prevents useful data sets, such as the amount spent so far, from being published and stipulates that major project data can only be published once a year. This is too infrequent and means that the data available on high-profile, high-cost projects can be significantly out-of-date.

Recommendation: The MPA should publish project data more frequently and continue its efforts to reduce the amount of data exempted from publication. The MPA should publish more information on each project, including spend-to-date, even if this means reviewing the government's transparency policy.

1 Assurance over the government major project portfolio

1. On the basis of two reports by the Comptroller and Auditor General, we took evidence from the Major Projects Authority (the MPA) on the Government Major Projects Portfolio and the MPA's role in project assurance.¹ The Major Projects Authority was established in March 2011 as a partnership between the Cabinet Office and HM Treasury with a Prime Ministerial mandate to improve project delivery across government through robust assurance measures. Since then the MPA has developed a range of interventions to give assurance over government major projects and to support HM Treasury approval and funding decisions. It has also established the Major Projects Leadership Academy to train senior project leaders in the civil service.²

2. The MPA published its first annual report in May 2013. Although this was significantly later than planned, the NAO noted that it was an important step in improving the transparency of major project data as comprehensive information on the portfolio had not been published together before.³ The MPA published its second annual report, which included greater analysis of major project data, on 23 May 2014.⁴ The NAO reported that the MPA had made further progress in strengthening project assurance procedures and improving the transparency of information on the cost, deliverability and performance of government projects.⁵

3. At September 2013, the latest date for which data is available publicly, the Government Major Projects Portfolio consisted of 199 major projects. The total whole-life cost of these was £488 billion (which includes £60 billion of “non-government expenditure”), an increase of some £134 billion, or 38%, on that reported in the previous year. There was considerable change in the portfolio between September 2012 and September 2013, with 39 projects leaving and 47 new projects joining.⁶

4. We recommended in our October 2012 report that “The Authority’s reviews should clearly set out whether the project should continue, be stopped or reset, and the Treasury should ensure the recommendation is adhered to”.⁷ The Government accepted this recommendation in its Treasury Minute response to us.⁸ But the NAO has subsequently reported “HM Treasury does not want the Authority’s recommendations on stopping and

1 [C&AG's Report, Major Projects Authority Annual Report 2012-13 and government project assurance, Session 2013-14, HC 1047, 4 February 2014; and C & AG's report, Major Projects Authority Annual Report 2013-14, 2 June 2014.](#)

2 [C&AG's Report, Major Projects Authority Annual Report 2012-13 and government project assurance, para 1.](#)

3 [C&AG's Report, Major Projects Authority Annual Report 2012-13 and government project assurance, para 3; and Cabinet Office, Major Projects Authority Annual Report 2012-13, May 2013.](#)

4 [Cabinet Office, Major Projects Authority Annual Report 2013-14, May 2014](#)

5 [C&AG's Report, Major Projects Authority Annual Report 2012-13 and government project assurance, para 14; C&AG's report, Major Projects Authority Annual Report 2013-14, para 4.](#)

6 [Cabinet Office, Major Projects Authority Annual Report 2013-14, May 2014.](#)

7 [Committee of Public Accounts, Assurance for major projects, Fourteenth Report of Session 2012-13, HC 384, October 2012, conclusion 2.](#)

8 [HM Treasury, Treasury Minutes, Government responses on the Fourteenth, the Seventeenth to the Nineteenth, and the Twenty First reports from the Committee of Public Accounts Session: 2012-13, Cm 8556, February 2013.](#)

pausing projects to be considered binding because this would limit the ability of elected ministers to make decisions. Instead, the Authority and the Treasury have established a process to ensure that all Major Projects Review Group recommendations (including to cancel, defer or re-scope projects) are provided directly to the Chief Secretary to the Treasury as formal advice to inform spending decisions.”⁹

5. The MPA told us that its recommendations have resulted in a significant number of projects being re-scoped and a small number cancelled. The MPA gave the red-rated Information Systems and Operational Technology (ISOT) project at the National Crime Agency as a concrete example of a struggling project that had been re-scoped as a result of the MPA’s work.¹⁰ The MPA argued that, while central assurance functions should be strengthened and its recommendations listened to, any changes must ensure that accountability for projects remains with ministers, accounting officers and Senior Responsible Owners (SROs), and is not diluted.¹¹

6. The MPA does possess a number of formal powers, but it told us that it often relies on informal means and “personal credibility” to get its voice heard.¹² The MPA confirmed that it had, on occasion, recommended that project leaders be moved and is currently involved in several recruitment exercises for SRO vacancies. However, according to the MPA, its role in this area has yet to be “systematised”.¹³ The MPA also told us that it had completed 28 “assurance of action plans”, which follow on from its regular assurance reviews and ensure that departments have acted upon the recommendations. Of these 28, the MPA told us that its assessment of delivery confidence rose quickly on 11 of these projects as a result of implementing its recommendations, and that delivery confidence remained unchanged at the overall level on 16 projects. One project declined in delivery confidence and as a result was fundamentally re-scoped.¹⁴

7. We concluded in our October 2012 report that “HM Treasury is not making best use of the data on major projects that is now available to manage the government’s financial position.” and recommended that it “should routinely use the Authority’s data on the major projects portfolio to manage its spending and prioritise resources between projects.”¹⁵ In its February 2014 report the NAO reviewed progress against this recommendation and concluded that the Treasury and other central bodies, such as Infrastructure UK, were making some limited use of the portfolio data. However, this fell well short of strategic, portfolio-level prioritisation.¹⁶

8. At the same time as the Government Major Projects Portfolio has grown, the MPA’s assessment of the deliverability of the portfolio has worsened significantly. It attributed this deterioration in delivery confidence to the 39 projects leaving the portfolio and 47 new

9 [C&AG’s Report, Major Projects Authority Annual Report 2012-13 and government project assurance, para 12.](#)

10 [Q 54](#)

11 [Q 29](#)

12 [Q 50](#)

13 [Qs 66-9](#)

14 [Written evidence from Major Projects Authority](#)

15 [Committee of Public Accounts, Assurance for major projects, October 2012, conclusion 3.](#)

16 [C&AG’s Report, Major Projects Authority Annual Report 2012-13 and government project assurance, para 4.8.](#)

projects joining during the year. The MPA stated that new projects generally receive lower delivery confidence ratings as “they are still working through the process of identifying solutions to the challenges that they inevitably face”.¹⁷ The NAO’s analysis shows that in terms of whole-life cost, the MPA rated well over a fifth of the portfolio by value as amber-red or red by September 2013.¹⁸

9. The MPA confirmed that an increasing number of “transformational projects”, where departments are looking to change the way they work, often by introducing new IT systems, is driving much of the growth in the portfolio. The MPA told us that this type of project is not doing as well because “they are more difficult to do, they involve changing how people work and they usually involve way more leadership and management than people anticipate going in.”¹⁹ The MPA told us that there was a lack of “strategic prioritisation” across the portfolio, and that “you wouldn’t do all this in a business; you would prioritise this in a different way.” The C&AG told us that he sees departments struggling with the volume of business and big projects that they are trying to carry out, and has not seen a department ever saying “We can’t do this. We just don’t have the troops on the ground.” He also highlighted the need for more clearly prioritised overall portfolio management.²⁰

10. The MPA established the Major Projects Leadership Academy (MPLA) in 2012, in partnership with the Saïd Business School, to provide training for government project managers. The MPA reported that 200 project leaders have so far taken part in training and that all eligible managers should have started or completed the programme by the end of 2014. According to the MPA, the feedback received from participants has been positive and has already had an impact on the projects they are working on.²¹

11. The MPA told us that it wanted to get more project leaders through the Academy, and to develop this further to offer shorter training courses.²² The MPA told us that, some time ago, two government ministers attended a day or half-day of MPLA training. Although this training was well-received, it has not been widened out to other ministers.²³ The MPA’s aim with this training is primarily to raise awareness of project management and provide helpful insights into the key issues major projects face.²⁴ Such training would be helpful for both government ministers and shadow ministers, most of whom have good knowledge of the policy issues in their areas, but do not know how to deliver projects.²⁵

12. More generally, the MPA told us that there was a “lack of distributed capability across government” when it came to managing major projects.²⁶ This is particularly concerning as

17 [Cabinet Office, Major Projects Authority Annual Report 2013-14, pages 6 & 12.](#)

18 [C&AG’s Report, Major Projects Authority Annual Report 2013-14, figure 3.](#)

19 [Q 33](#)

20 [Q 33](#)

21 [Cabinet Office, Major Projects Authority Annual Report 2013-14, pages 14-15.](#)

22 [Q 34](#)

23 [Qq 71, 74](#)

24 [Q 76](#)

25 [Q 77](#)

26 [Q 12](#)

the MPA then told us that its biggest lever for improving project delivery was people.²⁷ In order to effectively build capability in this area, the MPA argued that the most important factor was for people to gain experience.²⁸ However, at present there is no strong, established project delivery profession in government, a situation that the MPA described as “unbelievable”. The MPA also told us that “the fact is that a young person coming into the civil service cannot, because of the structures that we have got, spend their life building delivery experience”.²⁹

13. MPA reviews focus primarily on whether projects will deliver on time rather than whether they will achieve value for money. From our experience, the Treasury also pays little attention to value for money issues once projects are being implemented. Its main focus is on ensuring that projects do not exceed their allocated budget.

14. The MPA conceded that, while its reviews notionally address value for money issues, they are not “front and centre for us”. After initially expressing caution about the MPA’s expertise to also look at value for money in its reviews, on reflection the MPA agreed with us that value for money should be an integral part of its reviews.³⁰

27 [Q 57](#)

28 [Q 43](#)

29 [Qs 43 & 57](#)

30 [Qs 60-2](#)

2 The performance of projects in the portfolio

15. The MPA provides a delivery confidence assessment that shows how likely it rates the successful delivery of each project. In part because of the changes in the composition of the portfolio (such as large numbers of mature projects leaving and new projects joining), the deliverability of the portfolio has worsened considerably over the previous year. In September 2013 the MPA gave an increased proportion of government major projects an amber-red delivery confidence rating (19% of portfolio projects in 2013-14 compared to 12% in 2012-13), and gave significantly fewer projects green ratings (9% in 2013-14 compared to 17% in 2012-13).³¹

16. We have seen numerous examples of poor planning on government projects over many years. Government needs to do more “front-loading”, namely focusing more attention on the concept, design and business case stages, of projects to allow for smoother implementation.³² The MPA acknowledged that government still does not do enough planning for its major projects. It told us that government needs to “work the front end harder” and that “the majority [of projects] would have benefited from more front-loading at almost every stage”.³³ The long-standing shortcomings of project planning continue to affect projects that are currently being implemented. The MPA cited the red rated IT projects at the Department of Health as examples.³⁴ The MPA told us that it had introduced project validation reviews 12 months ago to strengthen project initiation, but that the process “is still not where it needs to be”.³⁵

17. The data published by the MPA shows that it has the most serious doubts over the deliverability of projects at the Department of Health and the Ministry of Defence. The Department of Health has 9 amber-red rated projects and 2 red rated projects, and eight have no rating at all as they are projects in NHS Trusts and the MPA “cannot get to everything all at once”.³⁶ The Ministry of Defence has 6 amber-red rated projects and 1 red rated project, and withheld the ratings for 7 projects from publication.³⁷ We are concerned that these ratings suggest a lack of sufficient control over projects in these departments.³⁸

18. The MPA and departments publish information on major projects in line with the Government’s transparency policy. The transparency policy mandates the MPA to publish major project data once a year and stipulates that major project delivery confidence ratings can only be published after a six month time lag. The MPA’s May 2014 Annual Report includes project data as at September 2013, and this will be the latest public data available

31 [C&AG’s Report, Major Projects Authority Annual Report 2013-14, para 2.1.](#)

32 [Q 42](#)

33 [Q 39](#)

34 [Q 41](#)

35 [Q 48](#)

36 [Q 81](#)

37 [Cabinet Office, Major Projects Authority Annual Report 2013-14, figure 9.](#)

38 [Q 79](#)

until the next Annual Report in 2015.³⁹ The policy instructs departments to withhold data from publication if it is considered to be commercially sensitive or has implications for national security, in line with the Freedom of Information Act (2000).⁴⁰ The NAO recommended in February 2014 that departments and the MPA should publish a broader range of project data.⁴¹ The MPA made some efforts to address these recommendations in its second annual report by altering the guidance issued to departments, but it did not include any data sets, such as project spend to date, that were not specified in the transparency policy.⁴²

19. The NAO reported that the MPA's second annual report and the departmental project data accompanying it were a marked improvement on the previous year's report. Departments withheld 30% less data from publication, from 80 pieces of data in the 2012-13 report to 56 items in 2013-14. In 2012-13 there were 48 projects (25% of the portfolio) with data missing, and this fell to 35 projects (18% of the portfolio) in 2013-14. The most commonly withheld category of data in both years was whole-life costs, followed by delivery confidence assessments.⁴³

20. The Department for Work & Pensions, in consultation with the MPA, published the delivery confidence assessment of the Universal Credit project as 'reset' at the reporting date of September 2013. The 'reset' category was introduced for the 2013-14 report and was only applied to this one project.⁴⁴ The MPA confirmed that the decision to give Universal Credit a reset rating was ultimately made by ministers.⁴⁵ However, the MPA also told us that the decision to give this rating "was a good thing for the project" as it allowed the project team a "bit of breathing space to get themselves back on the front foot".⁴⁶ The MPA confirmed that Universal Credit would still be subject to its assurance reviews and that, in line with the transparency policy, a normal delivery confidence assessment would be published in May 2015. This is a long time to wait for an update on a project as important as Universal Credit.⁴⁷

39 [Cabinet Office, Major Projects Authority Annual Report 2013-14; and Qq 25-6](#)

40 [Cabinet Office, Transparency policy on the Government's Major Projects Portfolio, May 2013.](#)

41 [C&AG's Report, Major Projects Authority Annual Report 2012-13 and government project assurance, para 10.](#)

42 [C&AG's Report, Major Projects Authority Annual Report 2013-14, para 1.7.](#)

43 [C&AG's Report, Major Projects Authority Annual Report 2013-14, para 1.5.](#)

44 [Cabinet Office, Major Projects Authority Annual Report 2013-14, page 12.](#)

45 [Q 7](#)

46 [Qq 7-8](#)

47 [Qq 25-8](#)

Formal Minutes

Wednesday 16 July 2014

Members present:

Mrs Margaret Hodge, in the Chair

Mr Richard Bacon	Austin Mitchell
Guto Bebb	John Pugh
Chris Heaton-Harris	Nick Smith
Mr Stewart Jackson	Justin Tomlinson
Anne McGuire	

Draft Report (Major Project Authority), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 20 read and agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

Resolved, That the Report be the Tenth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Monday 1 September at 3.00 pm

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's inquiry page at www.parliament.uk/pac.

Thursday 5 June 2014

Questions

John Manzoni, Chief Executive, Major Projects Authority

[Q1–82](#)

List of printed written evidence

The following written evidence was received and can be viewed on the Committee's inquiry web page at www.parliament.uk/pac. MAJ numbers are generated by the evidence processing system and so may not be complete.

- 1 Cabinet Office ([MAJ0001](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the Committee's website at www.parliament.uk/pubaccomm.

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2014–15

First Report	Personal Independence Payment	HC 280
Second Report	Help to Buy equity loans	HC 281
Third Report	Tax reliefs	HC 282
Fourth Report	Monitor: regulating NHS Foundation Trusts	HC 407
Fifth Report	Infrastructure investment: impact on consumer bills	HC 406
Sixth Report	Adult social care in England	HC 518
Seventh Report	Managing debt owed to central government	HC 555
Eighth Report	Crossrail	HC 574
Ninth Report	Whistleblowing	HC 593