Infrastructure and Projects Authority

Improving Infrastructure Delivery: Project Initiation Routemap

Governance Module

0643 - June 2016

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Infrastructure and Projects Authority and Infrastructure Client Group

Infrastructure shapes the way we live and is the foundation on which a successful economy is built. Transport links get us where we need to be, energy systems power our homes and businesses, and digital networks allow us to communicate. It is vital to improving our quality of life and integral to the creation of a vibrant economy.

The government is committed to delivering the high-quality infrastructure that the UK needs to build and sustain a more productive economy. To achieve this the government has committed to spend £100 billion on infrastructure this Parliament. This investment will create jobs and raise productivity.

To help realise the benefits from this investment the government created the **Infrastructure and Projects Authority** (IPA) as the government's centre of expertise for project development and delivery. The IPA's Cost Review and the NAO report on delivering major government projects identified the early stages of projects as a common source of failure on infrastructure projects. The original Project Initiation Routemap (Routemap) helped address these challenges and this update, which expands to include all construction projects and adds new modules, will enhance that work, helping provide the UK with the infrastructure it needs to thrive.

The **Infrastructure Client Group** demonstrates the value of effective collaboration between government and industry to support the development and exchange of best practice to improve delivery. Initially brought together by government to support the work of the Infrastructure Cost Review, the membership of this group is representative of the major infrastructure clients. It has been instrumental in setting a common agenda for change and supports a programme of activities and applied knowledge transfer across the public and private sectors. The success of this initiative has been made possible by the continued and valuable support from industry and academic partners.

Preface

Since the launch of the Routemap over 20 major projects across the transport, water, flood defence and energy sectors have undergone a Routemap assessment, helping to drive their successful delivery. Yet there is still work to do as projects continue to face challenges.

The recent NAO report on ***Delivering Major Projects in Government*** (2016) and the Infrastructure UK Cost Review (2010) both noted that projects continued to encounter problems in their early stages - and, particularly, that projects often publicly announced timelines and costs before plans have been properly tested. The report also identified a lack of project capability especially at portfolio level. The Routemap will help address these challenges by offering support on strategic decision making during project initiation based on the latest thinking and knowledge acquired from delivery of Major Projects applied in a series of structured exercises. It enables sponsors and those responsible for project delivery to properly align complexity with the necessary capabilities and other enhancements to ensure a more successful outcome.

The Project Initiation Routemap is a product of government working collaboratively with industry and the University of Leeds, through the Infrastructure Client Group.

Building on its success with economic infrastructure, the Routemap is being expanded to cover all construction projects and longer-term transformation projects as well. As part of this expansion two new modules are being added, for Risk Management and Asset Management alongside the existing topics on Requirements, Governance, Procurement, Execution Strategy and Organisational Design & Development. The new Risk Management Module covers the best practice in how to develop the project's approach to risk management during the initiation phase. The Asset Management Module provides advice on how to structure and manage the interaction between the project team and the corporate asset management function to successfully deliver project outcomes.

Tony Meggs
Chief Executive of the Infrastructure & Projects Authority

Andy Mitchell
Chair of the Infrastructure Client Group

June 2016

Infrastructure and Projects Authority

Introduction
Why Governance Matters
Considerations
Supporting Material
Final Check
Further Guidance
Glossary

The Project Initiation Routemap (Routemap) is an aid to strategic decision-making. It supports the alignment of the sponsor and client capability to meet the degree of challenge during initiation and delivery of a project*. It provides an objective and structured approach to project initiation founded on a set of assessment tools.

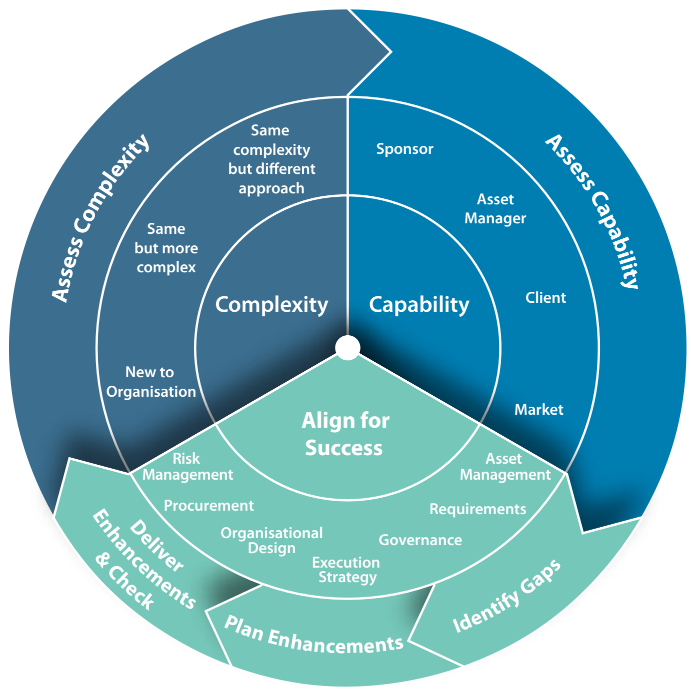
The assessment tools help determine:

- The context and complexity of the delivery environment;
- The current and required sponsor, client, asset manager and market capability;
- Key considerations to enhance capability where complexity-capability gaps are identified.

The Routemap provides further diagnostics on addressing common capability gaps that typically need to be enhanced, such as blurred governance structures, or lack of alignment between benefits and requirements. These areas are explored in more depth in a number of Align for Success modules.

The purpose of each Align for Success module is to help:

- Gain a greater understanding of the complexity-capability results;
- Identify and analyse options to better align complexity-capability;
- Plan for successful achievement of desired outcomes;
- Assure enhancement plans during implementation.



Application of the Governance module enables key decisions to be made with confidence throughout the life of the project by ensuring that there is a single controlling mind for the project, and that the right levels of authority and accountability are allocated.

This module can help resolve areas where existing governance structures may be weak or inappropriate for either the scale or the complexity of the project that is being undertaken/proposed.

*Throughout this guide the term project is used to mean both project or programme.

Introduction
Why Governance Matters
Considerations
Supporting Material
Final Check
Further Guidance
Glossary

Typical findings relating to Governance

If the findings from your complexity-capability assessment identify any of the following issues (or similar ones) then this Align for Success module on **Governance** may help. Use the **Considerations** tables that follow to diagnose enhancements that may be required.

Typical findings relating to Governance	Requirements	Governance	Execution Strategy	Organisation	Procurement	Risk Management	Asset Management
A Delivery Model (e.g Public-Private Partnership) is being proposed that the sponsor/client organisations do not have previous experience of applying successfully, therefore may need capabilities they currently do not have.		●	◐	◐			
Corporate governance arrangements are insufficient to host a project of this scale/complexity.		●					
Slow decision-making is likely to absorb management time and if left unresolved will lead to project delays.		●	◐	◐			
There are too many layers, or unclear decision-routes may result in unnecessary effort and duration to gain approvals.		●	◐	◐			
Lack of clarity regarding who has authority for what type of project decisions means previously agreed decisions are re-opened by each decision-making body, resulting in decisions being remade or overturned.		●					
Lack of accountability, as people (or organisations) are able to make decisions for which they are not fully accountable.		●	◐	◐		◐	
Lack of transparency in decision-making means confidence and trust in the project diminishes as stakeholders are unable to understand how, when and by whom project decisions are made.		●					
The accountability for risk does not match the organisation's capability or appetite to manage the risk.		●	◐	◐	◐	●	
This project is encumbered by political or other interests external to the project.		●					
There is a disjointed relationship between sponsor, client, asset manager and supply chain.		●	◐	◐	◐	◐	
The project has been assessed in isolation without reference to the business and asset management strategy	◐	●					◐
Poor decision-making, governance structures and processes undermine the integrated asset strategy	◐	●	◐	◐	◐		◐

Tip:

This module should not be used in isolation. It is assumed you have already completed the Complexity - Capability Gap in the Project Initiation Routemap handbook and have identified issues with Governance.

● Primary module for help

◐ Related module for help

Introduction
Why Governance Matters
Considerations
Supporting Material
Final Check
Further Guidance
Glossary

Typical findings relating to Governance

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Typical findings relating to Governance	Requirements	Governance	Execution Strategy	Organisation	Procurement	Risk Management	Asset Management
There is likely to be conflict or tension between the participating organisations as the project is not fully aligned with all their relevant individual objectives.	●	◐				◐	
Through the life of the project there is little provision for or anticipation of potential scope changes caused by changes to external factors.	◐	◐	●	◐	◐	●	
Contract incentives appear to be misaligned to sponsor's requirements or Client Model, which may mean the supply chain performs contrary to expectations.	◐	◐	◐	◐	●	◐	
There are no or inadequate lifecycle parameters – such as asset reliability, availability, cost of maintenance, or operability – defined in the requirements	◐	◐		◐	◐	◐	●
The project initiation and delivery focuses on processes to the detriment of outcomes and associated asset management goals	◐	◐	◐	◐			●
There is no current requirement specified or plan and budget in place to develop lifecycle asset strategies, particularly for maintenance, asset information, and risk management, in the project before handover to operations and maintenance	◐	◐				◐	●
There is no clear role/dedicated resource on the project specifically tasked with providing the whole life asset knowledge and articulating the asset vision so as to optimise achievement of the organisational goals	◐	◐		◐	◐		●
There is no strategic engagement with the operators and/or supply chain to ensure that the project solution is defined, developed, constructed and handed over appropriately	◐	◐	◐	◐	◐		●
The project requirements, business case and design indicate a lack of future thinking and/or inadequate links to a corporate asset management strategy.	●	◐					◐
Poor development and retention of Asset Management capability leads to inadequate asset management and, in turn, to less than optimum whole life value	◐	◐	◐	●			◐

Tip:

This module should not be used in isolation. It is assumed you have already completed the Complexity - Capability Gap in the Project Initiation Routemap handbook and have identified issues with Governance.

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◐ Related module for help

Why Governance Matters

Introduction
Why Governance Matters
Considerations
Supporting Material
Final Check
Further Guidance
Glossary

Why Governance Matters: What is Governance?

Governance is a common thread that runs through all aspects of successful project delivery and therefore influences each of the Align for Success modules within the Routemap. Project governance needs to be considered in the context of corporate governance.

Corporate governance can be defined as:

"The function of governance is to ensure that an organisation or partnership fulfils its overall purpose, achieves its intended outcomes for citizens and service users, and operates in an effective, efficient and ethical manner."
The Independent Commission on Good Governance in Public Services

Governance of project management can be defined as:

"The governance of project management concerns those areas of corporate governance that are specifically related to project activities. Effective governance of project management ensures that an organisation's project portfolio is aligned to the organisation's objectives, is delivered efficiently, and is sustainable. Governance of project management also supports the means by which the corporate board and other major project stakeholders are provided with timely, relevant and reliable information."
Directing Change, Association for Project Management, 2011

Why is good governance important?

Effective project governance is critical to project success.

- 5 of the 8 common causes of project failure identified by the OGC in 2005 are attributable to weak governance;
- 7 of the 10 common causes of confidence identified by the OGC in 2010 are attributable to good governance;
- Following a review of 40 studies of government projects, the NAO developed guidance on Initiating Successful Projects (2011). It identifies 5 elements that are fundamental to successful project delivery of which establishing good governance underpins 3;
- ICE Client Best Practice Guide (2009) cites establishing effective governance as one of six key responsibilities for client organisation;
- PWC's 2012 Global study on Project Management trends identified that weak governance was the main contributor to project failure.

Characteristics of good governance

For Infrastructure projects, good governance is about a balance between the natural desire of sponsor(s) to retain control, and the need of the delivery team to have sufficient freedom to allow it to manage the risk to meet the project objectives. It is characterised by:

- a clear statement of the objectives and parameters for delivery between the sponsor(s) and the execution team including arrangements for remedy in the event of difficulty;
- the project being sufficiently autonomous with a single controlling mind;
- a clear system of delegation and determined process for timely decisions that fall outside the limits of delegation;
- a determined process for controlling change;
- a determined process for reporting and other communications between the sponsor(s) and execution team;
- a collaborative culture and working relationship between sponsor(s) and execution team;
- board members have sufficient understanding of the project context to make reasonable timely decisions (or seek advice to help them); and
- a defined system for assurance at all levels.

Considerations

Considerations

Introduction

Why Governance Matters

Considerations

Accountability

Authority

Alignment

Disclosure

Supporting Material

Final Check

Further Guidance

Glossary

This section lists a series of questions that might be considered when validating an existing governance system or testing the design of a new one. The examples in the supporting material can help identify a "blueprint" for your existing or proposed structure and help to target areas for development.

Prior to asking these questions the output from the Routemap capability and complexity assessments should be reviewed for any factors relating to governance. It is beneficial to review the considerations with key stakeholders or use them as prompts to facilitate a dialogue.

It is important to note that governance arrangements will most likely need to evolve during the project. The considerations in the following tables can usefully be revisited at major transition points or stage gates.

Pillars of a governance framework

Good governance can be described as a framework with four primary qualities:

- It defines accountability for meeting the project's objectives and allocating the risk to those objectives;
- It provides for effective decision-making and assigns authority to make decisions and commitments;
- It maintains alignment between corporate strategy/objectives and those of the project; and
- It defines the disclosure of information required to assure stakeholders that the project is set to meet its objectives, or inform corrective action if not.

It is important to stress that these four pillars link together to form an effective Governance system. If one of these pillars is missing, or out of balance, the system will be inefficient.

The governance arrangements can/should change over time as:

- sponsor(s) gain more understanding of risk and arrangements for management;
- the project organisation's management team and processes mature and demonstrate competence; and
- as the project progresses through lifecycle.

These four pillars of governance: accountability; authority; alignment; disclosure, provide the framework for the remainder of this module.

Tip:

It may be helpful to review the Delivery Models in the supporting material prior to using the following considerations tables.

Considerations: Accountability

Key prompts	*Considerations*	*What may help*
Policy/Strategy	■ Does the governance framework clearly show who is accountable for setting and implementing the relevant government policy or corporate strategy? ■ If policy/strategy is jointly owned, does the governance framework show how the is project jointly governed? E.g. is there a joint board? ■ Is it clear in the governance framework who is the sponsor? ■ Is the sponsor clear about their accountabilities for ownership and leadership of the outcomes (delivery of the business case) over the lifetime of the policy/strategy? ■ In Government, how will SRO responsibility, accountability and delegation be structured and controlled? ■ Has a decision been made about the most appropriate Delivery Model to meet the needs of the project?	Supporting Material pg 16 RACI Supporting Material pg 19 Ref [1], [2], [8]
Requirements setting	■ Does the governance framework clearly show who is accountable for setting requirements? ■ Are the sponsor's requirements defined? ■ Does the governance framework clearly show how the sponsor's requirements are controlled through the project lifecycle? ■ Who is accountable for decisions about trade-offs between time, cost and benefits? ■ Is there a Target Operating Model for when the asset is in operation that defines who will own, operate, maintain and fund the asset?	Requirements module RACI Supporting Material pg 16 and 19
Execution strategy	■ Does the governance framework clearly show who is accountable for the execution strategy? ■ Does the governance framework clearly show how the execution strategy is controlled through the project lifecycle?	Supporting Material pg 19
Benefits realisation	■ Does the governance framework define accountability for the delivery of benefits?	RACI Supporting Material pg 19
Risk management strategy	■ Does the governance framework define accountability for management of risk? ■ Is the risk allocation between the department, sponsor and client clearly specified in the governance framework? ■ Does the governance framework take into consideration the capacity, appetite and authority of parties involved to take their risk associated with the project? ■ Does the execution strategy match with the allocation of risk described by the governance framework?	RACI Supporting Material pg 18 Ref [7], [9]

Tip:

It may be helpful to review the following documents.

- Standing orders (public authority)
- Documents of incorporation (company)
- Sponsor requirements
- Terms of reference for decision bodies
- Agreements, contracts and funding arrangements
- Regulatory/Statutory requirements

Note: Further Guidance contains details and links for each document reference - Ref [ ]

Considerations: Authority

Key prompts	*Considerations*	*What may help*
Types of authority	■ Does the governance framework include a scheme of delegation which defines the types of authority that can be delegated (e.g. policy, legislation, incorporation, allocation/draw-down of funds, soliciting and entering into contracts, acquiring/disposing of land etc)? ■ Does the governance framework identify the critical decisions that are reserved for higher-level decision-making?	
Delegation	■ Does the governance framework set out limits of delegation? ■ Is the delegation of authority appropriate, allowing timely decisions? ■ Delivery Model?	See supporting Material pg 21 Ref [3]
Decision-making bodies	■ Does the governance framework provide the project manager with the ability to make decisions in time to meet the project schedule? ■ Are decision-making bodies sufficiently resourced? ■ Delivery Model?	Ref [3], [5]
Decision-gates	■ Does (or will) the execution strategy partition the project into stages, punctuated by decision points where critical decision are reserved for the higher/appropriate levels of authority? ■ Does the governance arrangements describe how decisions regarding early termination or change of participating organisations?	Managing Successful Projects with PRINCE2 (re Stages) Managing Successful Programmes (MSP) (re Tranches) Ref [6]
Decision-making routes	■ Are decision-making routes clear and efficient? ■ Are approval bodies described in the overall governance framework? ■ Is there a integrated approvals framework?	Ref [5], [6]
Intervention	■ Does the governance framework clearly identify the triggers for intervention by higher-level decision-makers?	Ref [6]

Tip:

It may be helpful to review the following documents.

- Standing orders (public authority)
- Documents of incorporation (company)
- Scheme of delegation
- Terms of Reference for decision bodies
- Agreements, contracts and funding arrangements
- Execution strategy
- Integrated assurance and approval plans (IAAP)

Note: Further Guidance contains details and links for each document reference - Ref [ ]

Considerations: Alignment

Key prompts	*Considerations*	*What may help*
Alignment with corporate governance and target operating model	■ Is the decision on the Delivery Model based on a firm understanding of the target operating model for the asset once in operation? ■ Does the governance framework explain whether the project can be delivered within the existing corporate governance framework (e.g. standing orders / company incorporation) or what changes or exceptions to corporate governance are required to allow the project to be delivered effectively and efficiently?	Ref [2], Supporting Material pg 16,17 and 18
Alignment with policy/strategy?	■ Does the governance framework describe how alignment with policy/strategy will be assessed? ■ Does the governance framework describe the mechanisms to ensure project objectives remain aligned with changing policy/strategy?	
Alignment with legislation	■ Does the governance framework describe how alignment with legislation will be assessed? ■ Does the governance framework describe the mechanisms to ensure project objectives remain aligned with changing legislation? ■ Is it clear where the risk from change in legislation is owned in the governance structure?	
Alignment with portfolio priorities	■ Does the governance framework describe how alignment with other projects in the investment portfolio will be assessed (particularly where there are shared benefits)? ■ Does the governance framework describe the mechanisms to ensure project objectives remain aligned with other projects in the investment portfolio? In particular, are there interdependencies between projects in the Investment Portfolio that require specific governance in their own right? ■ Does the risk management strategy account for risk to funding from changes in organisational priorities and/or the business case value? ■ Is the Enterprise/Portfolio risk understood and under appropriate governance?	Ref [2]
Alignment with stakeholders	■ Does the governance framework describe how alignment with stakeholder interests will be assessed and maintained (particularly where there are shared benefits)? ■ Are stakeholders and Industry partners considered in the governance framework (e.g. engaged in joint Boards)? ■ Does the governance framework describe how key stakeholders will be effectively engaged in order to ensure the alignment of their interests with the objectives of the project? ■ Has the potential for stakeholder gaming behaviours been considered?	Stakeholder maps Stakeholder Panels or Stakeholder involvement in project boards, (typically without delegated authority). Ref [2]
Alignment with corporate culture and behaviours	■ Has the governance framework been developed in consideration of cultural characteristics of the organisations involved? In particular for multi-owned projects are the cultural differences understood and taken into account regarding decision-making behaviour? ■ Does the governance framework support and/or drive the desired culture? E.g. will it support behaviours for collaborative relationships?	Cultural audits, Ref [4]
Funders	Has the governance framework considered: ■ whether it is appropriate to include the funders in the governance system? ■ for decisions reserved to funders, are their own governance arrangements a constraint? ■ if there are multiple funders are their own governance arrangements compatible with the project schedule, authority levels and reporting requirements?	Ref [4], [6] Supporting Material pg 16,17 and 18

Tip:

It may be helpful to review the following documents.

- Standing orders (public authority)
- Documents of incorporation (company)
- Risk management strategy
- Terms of reference for decision bodies
- Agreements, contracts and funding arrangements
- Regulatory/Statutory requirements
- Business case

Note: Further Guidance contains details and links for each document reference - Ref [ ]

Introduction
Why Governance Matters
Considerations
Accountability
Authority
Alignment
Disclosure
Supporting Material
Final Check
Further Guidance
Glossary

Tip:

It may be helpful to review the following documents:

- Standing orders (public authority)
- Documents of incorporation (company)
- Terms of reference for decision bodies
- Agreements, contracts and funding arrangements
- Regulatory/Statutory requirements
- Integrated assurance and approval plans (IAAP) if available

Considerations: Disclosure

Key Prompts	*Considerations*	*What may help*
Regular reporting	■ Does the governance framework define the information and reporting requirements for each governance body?	For listed organisations: Financial Reporting Council guidelines For public sector organisations: Ref [3]
Exception reporting	■ Does the governance framework define the exception conditions and escalation routes?	Ref [3]
Conflicts of interest	■ Does the governance framework describe how members of governance bodies resolve personal conflicts of interest?	Ref [3], [10]
Transparency	■ Does the governance framework describe requirements for transparency of how, when and by whom decisions are made? ■ Does the governance framework describe assurance and record keeping requirements for information upon which decisions are made?	For listed organisations: Financial Reporting Council guidelines For public sector organisations: Ref [3]
Assurance	Does the governance framework describe a regime for assurance that: ■ includes effective and independent challenge? ■ describes how the governance framework will be reviewed to make sure it remains fit for purpose for the various stages of project delivery? ■ maps the project's Integrated assurance and approval plan to externally required assurance and approval requirements (e.g. with MPA PARs etc) ■ identifies the triggers/conditions for consequential assurance? ■ Balances the depth/breadth and rigour for assurance with the strategic importance and complexity of the project? ■ Continuing risk treatments remain appropriate and assured?	Ref [6], [11]

Note: Further Guidance contains details and links for each document reference - Ref [ ]

Supporting Material

Introduction
Why Governance Matters
Considerations
Supporting Material
Delivery Models
Alignment of governance structure to delivery model
Governance through the project's life
Example of evolving governance
Approach to gaining increased authority
Final Check
Further Guidance
Glossary

Supporting Material: Delivery Models

The framework below describes the thought-process required when considering corporate governance - the structure within which the project governance arrangements will need to align. It illustrates the iterative nature of the dependencies from one decision to the next necessary to design the optimum structures and legal form, recognising the implications and constraints placed by the level of understanding of the Target Operating Model. The choice of Delivery Model will influence the decisions on the Client Model in terms of how the client sets itself up to deliver the project, which in turn flows down to the Procurement Model.

Target Operating Model
Accountability: Sponsor/Asset manager

The **Target Operating Model** should be the first consideration;

- How will the asset be used?
- Who will ultimately own, operate, maintain the asset?
- How will it be funded?

Such decisions determine which elements are best delivered by the public sector, private sector or shared - therefore determining the most ideal delivery model.

Delivery Model
Accountability: Sponsor/Funder

The next consideration is what is the optimum **Delivery Model** (financing/legal structure) for delivery:

- Will ownership need to be transferred in the future e.g. sale of completed asset?
- What level of control/influence is required?
- What structure provides the best governance environment and powers?

Client Model
Accountability: Client

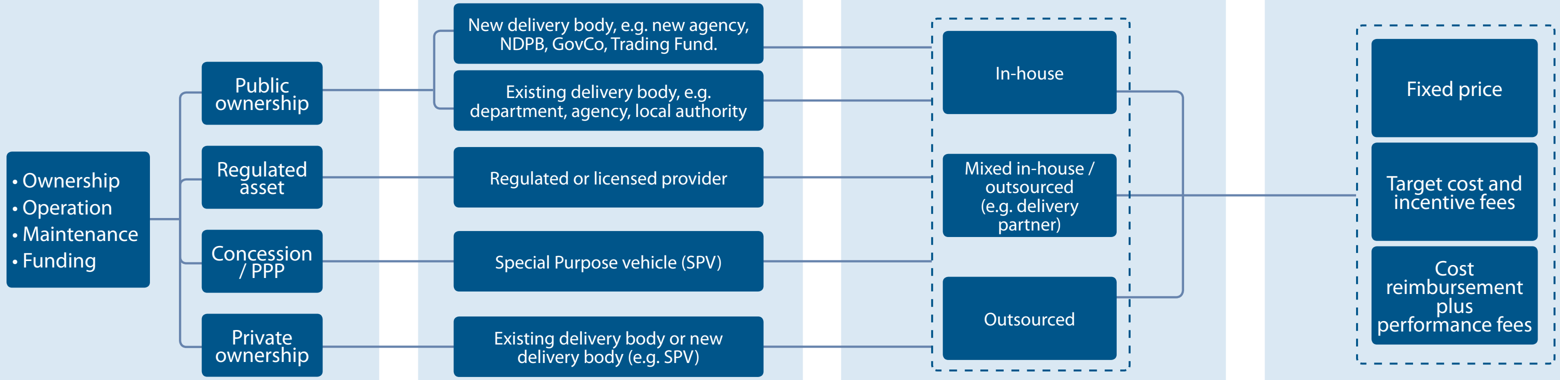
For the selected Delivery Model, what is the optimum **Client Model** for delivery:

- What is the client capability to deliver?
- Is this a programme or a one-off project?
- What are the critical client responsibilities that cannot be transferred?
- Are there recruitment and retention issues e.g. pay constraints or career limitations?

Procurement Model
Accountability: Client

For the selected Client Model what is the optimum **Procurement Model** to engage, align and incentivise the supply chain?

- What is the optimum risk allocation?
- Market capability to deliver?
- Packaging considerations?
- timing of contractor involvement?



TIP: Corporate governance and delivery decisions should be based on a clear understanding of complexity and capability. Decisions such as whether the asset will be owned or funded by the public or private sector will influence which Delivery Model is most appropriate.

TIP: Avoid the common pitfall of trying to fit solutions to the problem i.e. starting with a delivery model legal structure or specific procurement model in mind. See pages 16/17 for further considerations on Delivery Models.

TIP: See also Organisation Design and Development module for further support on Client Models.

TIP: See also Procurement module for further support on Procurement Models.

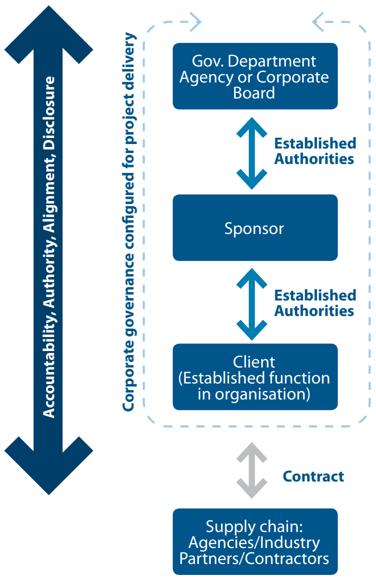
Introduction
Why Governance Matters
Considerations
Supporting Material
Delivery Models
Alignment of governance structure to delivery model
Governance through the project's life
Example of evolving governance
Approach to gaining increased authority
Final Check
Further Guidance
Glossary

Supporting Material: Alignment of Governance Structure to Delivery Model

Considerations lists a series of questions that can help test if existing governance is likely to support the successful delivery of the project objectives. If the answers to those questions suggest that enhancements are required then this section illustrates four example governance structures that can act as templates. Please note these examples may need to be modified in order to meet the particular needs of a project.

Example: 1

Corporate governance arrangements are sufficient to host the project in a way that it can be delivered within the risk appetite of the organisation.



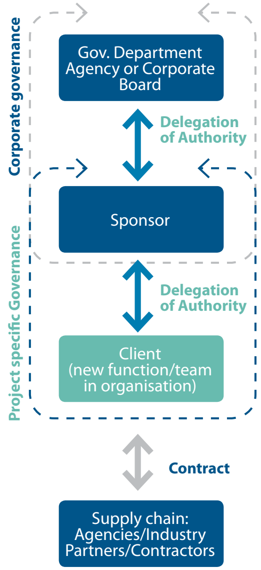
Sponsoring organisation possesses integrated delivery capability.

Example:

Highways Agency's managed motorways programme

Example: 2

Corporate governance arrangements are insufficient to host the project in a way that it can be delivered within the powers and risk appetite of the organisation AND it is possible to change the corporate governance arrangements.



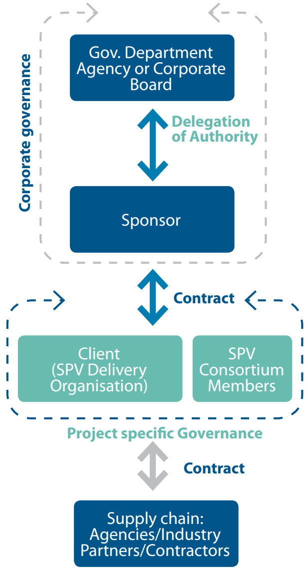
Sponsoring organisation creates internal capability for a specific project.

Example:

Nuclear Decommissioning

Example: 3

Corporate governance arrangements are insufficient to host the project in a way that it can be delivered within the risk appetite of the organisation NOR is it possible to change the corporate governance arrangements. A special purpose vehicle will need to be established to deliver the project outside of the organisation.



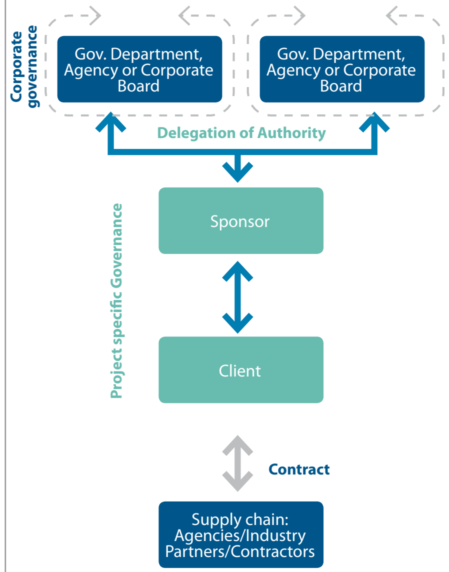
Sponsoring organisation contracts for delivery.

Example:

Thames Tideway Tunnel

Example: 4

There are multiple sponsoring organisations, with no single organisation having sufficient corporate governance arrangements to host the project within their risk appetite. The sponsoring organisations will need to create a collaboration or joint venture to host the project jointly on their behalf.



Multiple Sponsoring organisations (Collaboration / Joint Ventures)

Example:

Crossrail, HS2

Key:

Existing org/arrangements

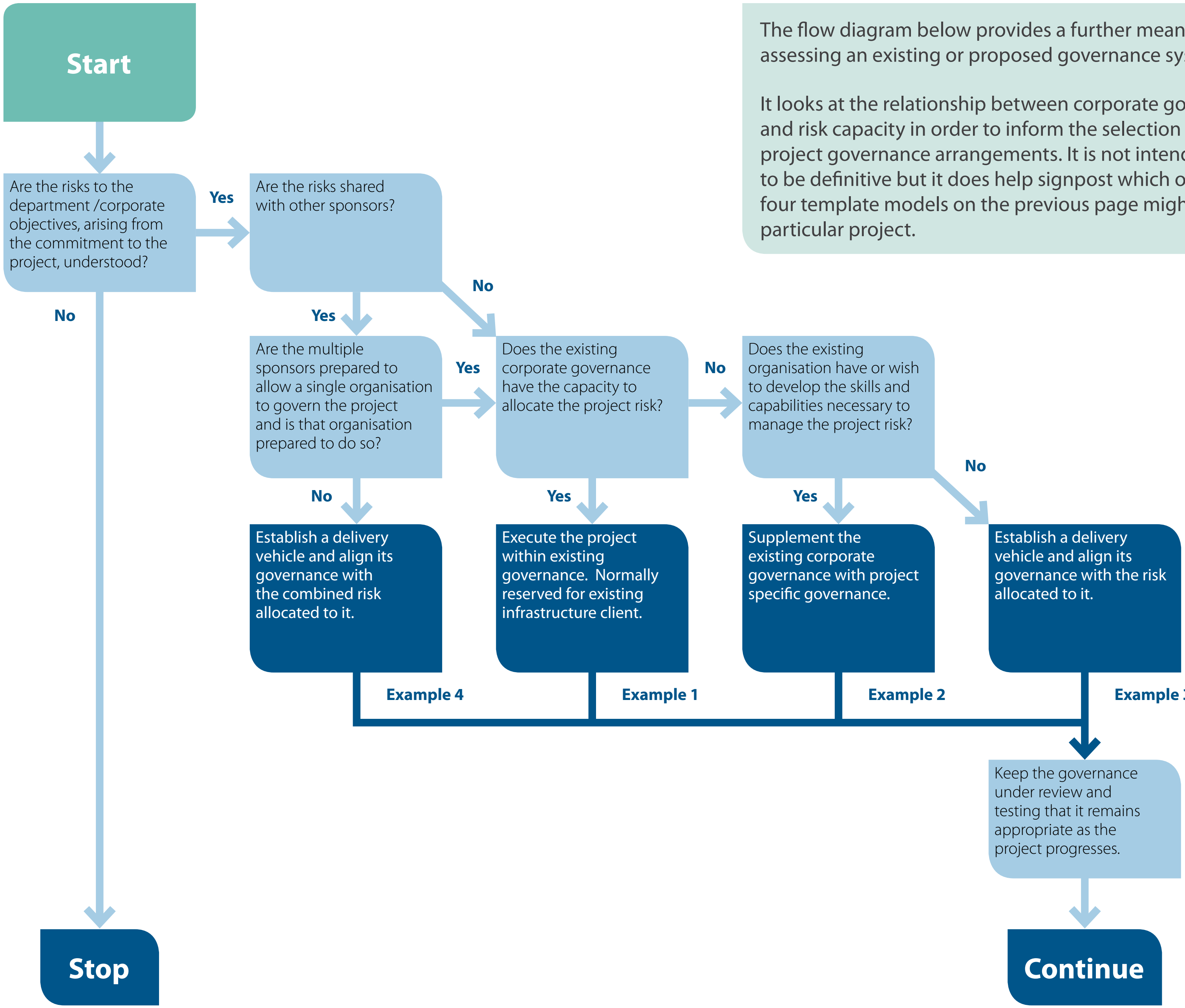
New organisation and/or governance arrangements required

Introduction
Why Governance Matters
Considerations
Supporting Material
Delivery Models
Alignment of governance structure to delivery model
Governance through the project's life
Example of evolving governance
Approach to gaining increased authority
Final Check
Further Guidance
Glossary

Supporting Material: Alignment of Governance Structure to Delivery Model

The flow diagram below provides a further means of assessing an existing or proposed governance system.

It looks at the relationship between corporate governance and risk capacity in order to inform the selection of the project governance arrangements. It is not intended to be definitive but it does help signpost which of the four template models on the previous page might suit a particular project.



Introduction
Why Governance Matters
Considerations
Supporting Material
Delivery Models
Alignment of governance structure to delivery model
Governance through the project's life
Example of evolving governance
Approach to gaining increased authority
Final Check
Further Guidance
Glossary

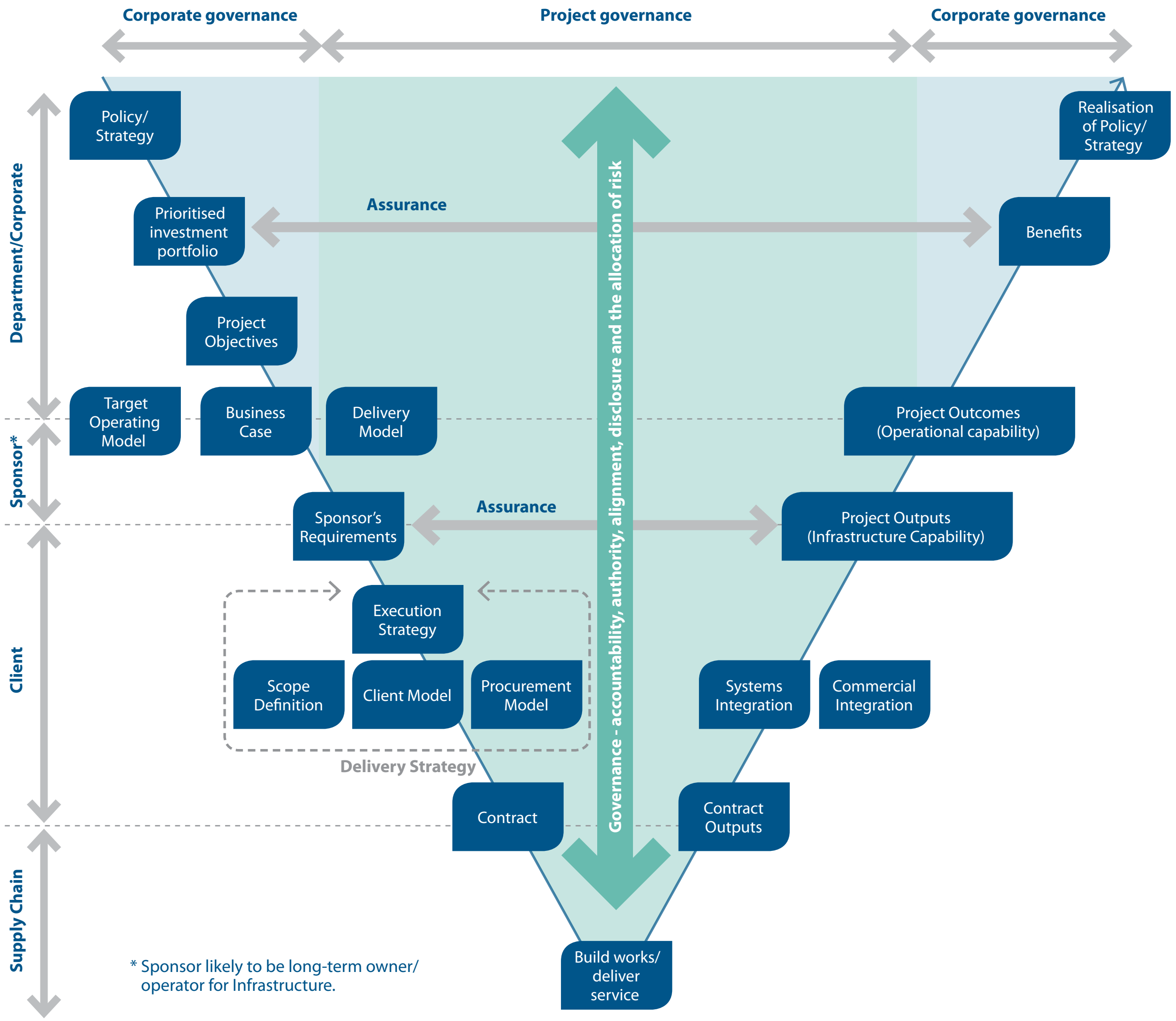
Supporting Material: Governance Through the Project's Life

This "V Diagram" shows a project in both a time dimension (left to right) and an organisational dimension (top to bottom).

It illustrates how the governance system provides the thread that runs through both dimensions, ensuring that the outcomes remain consistent with the original objectives and that benefits are not eroded through inefficient or ineffective decision-making.

The diagram is useful as it helps define the primary responsibilities of the parties involved and at which point in the decision-making they are most active. It can be used during initiation activities to facilitate discussions between the parties regarding accountabilities, authority, alignment, disclosure and management of risk.

See the following example of how Governance evolved at Crossrail.



Introduction
Why Governance Matters
Considerations
Supporting Material
Delivery Models
Alignment of governance structure to delivery model
Governance through the project's life
Example of evolving governance
Approach to gaining increased authority
Final Check
Further Guidance
Glossary

The first stages of a project are usually governed by existing corporate or departmental governance. Having considered the Delivery Model options in the preceding section, it may be decided that project specific governance is appropriate. This decision creates a transition point from corporate to project governance.

For Crossrail the transition to project governance required the sponsors (DfT/TfL) to yield a degree of control to the project company, Crossrail Limited (CRL). From the sponsors' perspective that required trusting an unproven team, unproven Client Model and a new governance framework. While not described as such at the time, the sponsors agreed with CRL an enhancement plan in which CRL entered into an incremental process to give the sponsors confidence that the governance transition could take place. That process was designed to:

1. Demonstrate increased confidence in the forecast project outcomes.
2. Provide evidence of organisational capability and management systems.
3. Agree the basis for intervention should CRL fail.
4. Establish appropriate sponsor oversight.

The first two items were addressed through installing a series of four review points described in the table below.

Review points during the establishment of the Crossrail programme

Review point	Scope of review	Governance evolution
1. July 2008	To gain royal assent for the Crossrail Bill	Parliament grants the powers required by government to build Crossrail
2. 2008	Signing of the core project documents (Project Delivery Agreement, Sponsors' Agreement and Network Rail Protocol)	Establishes the roles and responsibilities of the sponsors and delivery bodies
3. Sept 2009 – March 2010	To gain assurance about progress with detailed cost estimates, programme schedule and the development of Crossrail Limited's programme management processes	Sponsors concluded that planning was well advanced, and provided Crossrail Limited with clear direction for how to improve its programme management processes to meet the requirements of Review Point 4
4. April 2010	Final withdrawal point for either sponsor. Crossrail Limited granted full operational powers including tendering contracts and managing contingency	Passed with conditions for Crossrail Limited to fulfil to strengthen programme controls. These conditions were all met in 2011

Introduction
Why Governance Matters
Considerations
Supporting Material
Delivery Models
Alignment of governance structure to delivery model
Governance through the project's life
Example of evolving governance
Approach to gaining increased authority
Final Check
Further Guidance
Glossary

Supporting Material: Approach to Gaining Increased Authority

Regardless of which Delivery Model is chosen, projects are most successful when the levels of delegation enable lasting decisions to be made efficiently and effectively. Optimising the degree of delegation requires confidence in the governance arrangements (see Crossrail example on previous page). There are a number of levers that can be used to improve confidence and build trust:

Lever to increase authority	***Implications***
Increase the degree of assurance: ■ thoroughness of assurance ■ frequency of assurance ■ choice of assurers ■ level of assurance (non-evidence based, evidence-based, verified)	Will increased assurance slow down the project? Will there be sufficient time to close out actions between assurance reviews? Will expert assurers simply add another expert 'opinion' to cloud judgements? How will the degree of assurance vary based on risk and performance?
Introduce more decision 'gates' as formal approval points. E.g.: ■ budget fix ■ procurement decisions ■ scope fix ■ design fix ■ draw-down of risk/ contingency	Is the approval process efficient enough to increase the number of approval points without slowing down the project? What's the cost of preparing for each approval point?
Increase degree of reporting: ■ coverage/transparency - e.g. reporting on decisions that have been taken using delegated authority ■ frequency ■ recipients	What's the increased cost of reporting? Can reporting content be sufficiently contextual to avoid misinterpretation?
Seek conditional authority, e.g.: ■ timescale to close-out issues/concerns ■ setting tolerance (for time, cost, risk, quality, scope, benefits) within which the project must remain to have continued authority ■ draw-down of contingency is distinct from draw-down of approved budget	Who and how to check the conditions are being met?
Seek increased authority stage by stage: ■ propose that authority limits are increased on a stage by stage basis subject to passing each gate on time	Find out what will inspire confidence?

Final Check

Final Check

Introduction
Why Governance Matters
Considerations
Supporting Material
Final Check
Further Guidance
Glossary

Will the proposed governance framework:

1. Cover the concerns identified by the core complexity-capability assessment? ☐

2. Cover gaps identified by answering the considerations in this module? ☐

3. Formalise which parties are accountable for what? ☐

4. Ensure people have sufficient authority to discharge their accountabilities? ☐

5. Enable effective decisions to be made (e.g. ones that will stick) ☐

6. Enable efficient decisions to be made (e.g. decision-routes that are not overly onerous)? ☐

7. Give stakeholders confidence in project delivery? ☐

8. Ensure risk allocated to participating organisations aligns with their ability and appetite to own the risks? ☐

Further Guidance

Introduction
Why Governance Matters
Considerations
Supporting Material
Final Check
Further Guidance
Glossary

Further Guidance

Guidance		Usage
[1]	Sponsoring Change - APM 2010 http://www.apm.org.uk/SponsoringChange	A checklist for those who Sponsor projects.
[2]	Directing Change - A guide to governance of project management published by the APM 2011 http://www.apm.org.uk/DirectingChange	A checklist for the client organisation.
[3]	The Good Governance Standard for Public Services published by the OPM and CIPFA 2004 http://www.cipfa.org/-/media/Files/Publications/Reports/governance_standard.pdf	To check that officers understand their governance duties regarding decision-making, delegation and disclosure.
[4]	Co-Directing Change – A guide to governance of multi-owned projects published by APM 2007 http://www.apm.org.uk/CoDirectingChange	A checklist for defining governance arrangements for co-owned projects. Applicable for Delivery Model 3b.
[5]	Project Governance Guidance: a guidance note for public sector projects published by HM Treasury November 2007 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/225314/01_ppp_projectgovernanceguidance231107.pdf	Development of Integrated Assurance and Approval Plans.
[6]	Major Project approval and assurance guidance published by HM Treasury/Cabinet office April 2011 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/179763/major_projects_approvals_assurance_guidance.PDF.pdf	Development of Integrated Assurance and Approval Plans.
[7]	STRAT Risk, RAMP (ICE), http://www.icevirtuallibrary.com/content/book/100868 Managing Cost Risk and Uncertainty in Infrastructure Projects http://www.ice.org.uk/Information-resources/Document-Library/Managing-Cost-Risk---Uncertainty-in-Infrastructure	Helps with analysis to ensure risk is only allocated to organisations that have the capability and appetite to manage them.
[8]	OGC Guidance on the role of the SRO http://www.dfpni.gov.uk/cpd-coe-ogclessons-the-sro-role.pdf	The SRO (typically from the Sponsor organisation) is a key role in governance.
[9]	Managing Cost Risk & Uncertainty in Infrastructure Projects. http://www.ice.org.uk/Information-resources/Document-Library/Managing-Cost-Risk---Uncertainty-in-Infrastructure	Helps with analysis to ensure risk is only allocated to organisations that have the capability and appetite to manage them.
[10]	BS11000 Collaborative Business Relationships. www.bsigroup.com/bs-11000-collaborative-business-relationships/	A standard for collaboration.
[11]	Assurance of high risk projects, NAO. http://www.nao.org.uk/report/assurance-for-high-risk-projects/	Development of assurance plans.
[12]	HMT orange book. https://www.gov.uk/government/publications/orange-book Link	Guidance on Risk Management.

Glossary

Introduction
Why Governance Matters
Considerations
Supporting Material
Final Check
Further Guidance
Glossary

Glossary

Asset Manager
The asset manager is the organisation (or parts of) that is responsible for day-to-day operations and maintenance of the asset. The asset manager may be a part of the sponsor or client organisations or a separate entity. Similarly the operator and maintainer of the assets might be separate entities.

Asset management is the coordinated activity of organisations to realise value from their assets.

Capability
The Routemap uses capability to describe the ability of the sponsor, client, asset manager and market to organise for effective and efficient delivery. It refers to a part of the business and not the individual as most barriers to effective practice are rooted in systemic issues and not individual action.

Client
The client is the organisation that is responsible for fulfilling the requirements and delivering the benefits. The client translates the requirements from the sponsor and manages the delivery outcomes. The client selects the most appropriate supplier/s to meet project objectives.

Complexity
Project complexity is a measure of the inherent difficulty of delivering a project based on factors such as: stakeholder alignment; interconnectedness of projects; systems & organisations and the level of innovation required etc. The Routemap uses the Delivery Environment Complexity Assessment (DECA) published by the NAO for complexity assessment.

Client Model
The Client Model refers to how the client organisation will structure and resource the responsibilities for project execution between the client, advisors/partners and supply chain (e.g. thin/fat client). This is a key consideration in determining organisational design and procurement strategy.

Delivery Model
The Delivery Model refers to the organisational entity that will be appointed to deliver the project (e.g. establishment of a special purpose vehicle). This is a key consideration in determining governance arrangements.

Infrastructure
Infrastructure includes the networks and systems that supply and support reliable and effective domestic and international transport, digital communications, energy, flood protection, water and waste management.

Market
A market is a group of organisations that integrates and competes to provide goods or services to one or more clients. The construction and infrastructure market is often characterised by a large number of suppliers and SMEs.

Procurement Model
The approach taken and the contracting model used to procure the supply chain.

Project
Throughout this guide the term project is used to mean both project or programme.

Sponsor
The sponsor organisation secures the funding, owns the business case and is responsible for specifying the requirements to the client. The Sponsor ensures that the project remains strategically aligned and viable, and that benefits are on track to be realised. In some contexts the Sponsor and Client could be from the same organisation.

Target Operating Model
The end state of how the asset will be: used; funded; owned; operated and maintained.

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