CabinetOffice

Overview of the Major Projects Authority

Introduction

In January 2011 the Prime Minister confirmed the mandate for the new Major Projects Authority (MPA) within the Efficiency and Reform Group in the Cabinet Office. The MPA represents a sea change in the oversight of Central Government's Major Projects at both an individual and a portfolio level and aims to address the findings from the NAO report 'Assurance of High Risk Projects' (June 2010) and from the Major Projects Review undertaken over the summer 2010 by ERG. It is a new partnership between the Cabinet Office, HM Treasury with the fundamental aim of significantly improving the delivery success rate of Major Projects across Central Government.

Background

The NAO Report "Assurance for High Risk Projects" reported that Central Government's High-Risk Projects are frequently large scale, innovative and reliant on complex relationships between diverse stakeholders. Such Projects frequently present a level of risk that no commercial organisation would consider taking on. In this context, the NAO states that an enhanced control environment is a sensible way of reducing the financial risk to the public purse and increasing the chance of achieving value for money for the taxpayer.

The report therefore called for a central, mandatory system of assurance to be established for government which:
- has a clear mandate and is non-optional;
- is outcome focused and is built on a higher and more exacting evidence base;
- is integrated across all mechanisms
- provides the ability to plan and resource assurance activity;
- minimizes the burden placed on Projects;
- triggers further interventions where necessary; and
- systematically propagates lessons learned.

The Coalition Government agrees that Project delivery must improve and accepts the NAO recommendations. In August 2010 last year the Major Projects Review found common failings in projects which cannot be allowed to continue and also that there is currently no cross-government understanding of the size and cost of the Government's Major Project Portfolio (GMPP) consisting of the most significant Projects, or of the cost and viability of the individual Projects within it. The Government has therefore decided to set up a central authority to drive substantial improvement in the success rate of Major Projects and Programmes.

The Mandate

The MPA is supported by a clear and enforceable Mandate from the Prime Minister and will have the authority:
- To develop the Government Major Projects Portfolio, in collaboration with departments, with regular reporting to Ministers;
- To require Integrated Assurance and Approval Plans for each Major Project or Programme, including timetables for Treasury financial approvals, and validated by the MPA and HMT;
- To make a Starting Gate Review, or equivalent, mandatory for all new Projects/Programmes;
- To escalate issues of concern to Ministers and Accounting Officers;
- To provide additional assurance and direct involvement where Projects are causing concern including the provision of commercial and operational support
- To require publication of Project information consistent with the Coalition's Transparency agenda.
- To work with departments to build capability in Projects and Programme management
- To publish an annual report on Government Major Projects.

The Prime Minister requires all Departments to comply with the requirements of the Mandate for Starting Gate Reviews, integrated assurance planning and reporting, and to provide an increased number of experienced reviewers on a reciprocal basis.

The Treasury have made it clear that they will not normally approve business cases for Major Projects which do not have and comply with Integrated Assurance and Approvals Plans, or have not had a Starting Gate or an equivalent check on deliverability.

The main components

The four main components of the new arrangements are as follows:

The Government Major Project Portfolio. This will consist of all central Government funded projects/programmes which require approval by the Treasury during their life. MPA will provide an Annual Report on the progress of the GMPP will be published each year.

Integrated Assurance and Approvals. The planning, coordination and provision of assurance activities throughout the "policy to delivery" lifecycle in a way which provides greater assurance with less effort. Every Project will be required to prepare an Integrated Assurance and Approval Plan which will indicate how assurance reviews of all types will be scheduled to support decision making and inform approvals by the Department and by the Treasury, while avoiding duplication and activity which does not add value.

Consequential Assurance and Intervention. For Projects that have particular problems, a more intensive approach is required. MPA will discuss with the Department the need for additional assurance and where necessary will arrange extra support for the Project. If issues are not being resolved effectively there will be an escalation process to Ministers.

Transparent Reporting. Including publication of project contracts on line, and an Annual Report on progress of Government's Major Projects.

Integrated assurance for Government Major Projects therefore has the following features:
- Controlled project initiation
- Planning for assurance and approvals
- Treasury approval informed by better assurance of delivery confidence
- Acting on assurance recommendations
- Direct involvement from the centre with projects at risk
- Escalation of projects at risk; if management are not or can not resolve serious issues on the project MPA will escalate to Ministers.
- Early termination or re-scoping of undeliverable and non-viable Projects

Next steps for Departments

Departments must take the following action with immediate effect:
- Engage a Starting Gate review, or its equivalent, to assess the deliverability of all major new policy and change initiatives before Project delivery gets underway. Alongside this, the Treasury will need to assess affordability well before any call for tenders or contract awards are made;
- Develop, and comply with, an Integrated Assurance and Approvals Plan (IAAP) for each Major Project;
- Cooperate with MPA to agree additional assurance and support where there is cause for concern;
- Support capability-building work on project and programme management.
- Collaborate with MPA to publish the Annual Report on Major Projects and meet other requirements as part of our Transparency agenda.

Conclusion

The new approach will be in everyone's interests – those delivering the Project, the Department and the taxpayer. For Departments the main benefits will be:
- Improved visibility of the health of the project portfolio – fewer surprises
- Reassurance that Projects at risk will receive appropriate attention
- A smoother approvals process through planning and preparation
- A means for noting and celebrating successful delivery.

Improving project delivery is essential to both the Government's policy delivery and its efficiency agenda. The Government is adamant that we have to raise our game, and we can only do this if we work effectively together – Departments and the centre. We are all required to do better with less, and the new MPA is designed to achieve that.