National Audit Office

Interactive

For full iPad interactivity, please view this PDF in iBooks or GoodReader

Framework to review programmes

Update April 2021

DP 009262-001 • April 2021

The National Audit Office (NAO) is the UK's independent public spending watchdog. We support Parliament in holding government to account and we help improve public services through our high-quality audits.

The NAO scrutinises public spending for Parliament and is independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services. The Comptroller and Auditor General (C&AG), Gareth Davies, leads the NAO and is an officer of the House of Commons. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

We support Parliament and, in particular, the House of Commons' Committee of Public Accounts in their scrutiny of public spending and service delivery. We also support other select committees and individual MPs in this role. In 2019, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.1 billion.

We do this through a range of outputs including value-for-money reports on matters of public interest; investigations to establish the underlying facts in circumstances where concerns have been raised by others or observed through our wider work; landscape reviews to aid transparency; and good-practice guides.

Framework to review programmes

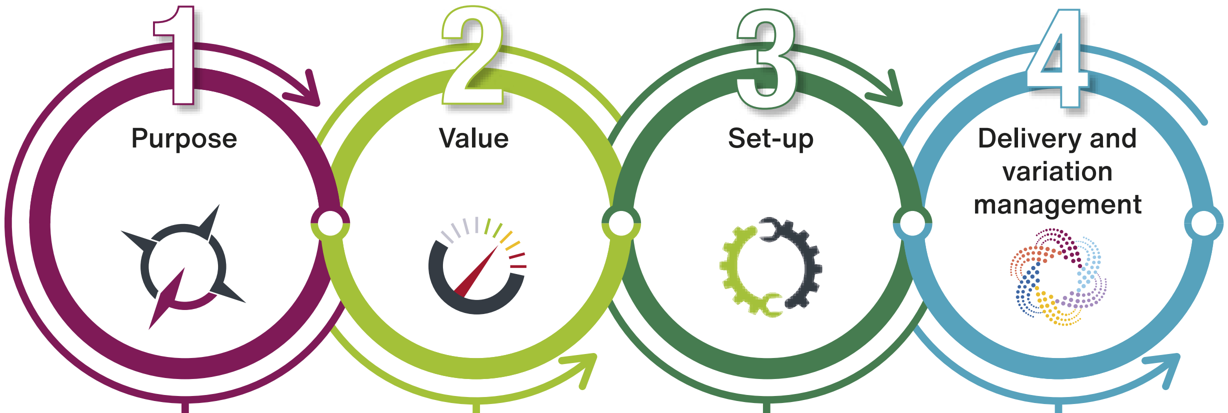
We have significant experience auditing government's major programmes and projects.

These are often high-profile, novel, highly uncertain and risky, bringing together multiple stakeholders and other interdependent projects. This framework sets out how we consider these major programmes and shares our learning from recent work. It draws together the key questions we ask when we review major programmes, developed from what we have seen across government. It will be useful for those seeking to understand the warning indicators that our auditors use to assess a programme and what we look out for.

This framework complements other reports and resources available on our website with, for example, our lessons learned from major programmes report developing a few of these areas in more detail, describing what we have seen as the core reasons behind programmes going well and less well.

About the framework

The framework is structured into four elements that the audit will consider. Programmes can be audited at any stage of their lifecycle and although the audit may focus on a particular element, all four elements will be considered.



Purpose
Is there a strategic need for the programme and is this the right programme to meet the business need?

Value
Does the programme provide value for money?

Set-up
Is the programme set up in accordance with good practice and are risks being well managed?

Delivery and variation management
Are mechanisms in place to deliver the intended outcomes and respond to change, and is the programme progressing according to plan?

Evidence base

This framework draws from our experience of around 200 studies reviewing public sector programmes since 2010. Our reports on these programmes, available on our major projects web-page, cover a broad range of government programmes.

We have refreshed the guide, both the examples and audit questions, to reflect our work up to January 2021. This is an evolving framework and we expect to add and amend it further as we develop and refine our thinking. The previous editions, including evidence from reports up to 2017 and 2019, may still be useful and are available online.

National Audit Office
DP 009262-001

Using this framework

These audit questions have been developed from our learning of auditing major programmes, being reiterated over time to reflect our current thinking. This is the third edition. When considering aspects of major programmes, audit teams across the NAO are encouraged to consider these questions to ensure a consistent approach.

The framework is not intended to be a checklist, but to highlight how we consider those factors we have found crucial to the successful delivery of a programme. When we examine portfolios of programmes, or different types of programmes and projects, we will ask different combinations of questions depending on the programme risks. Some questions will be more important than others. Our audit approach depends on the context of each examination, the nature of the programme being examined and the stage of its lifecycle, and we make our assessments on a case-by-case basis. We may apply the framework within a wider set of audit questions, or just focus on those audit questions relevant to the stage or risks of a programme. We can apply the principles to programmes, individual projects or an assessment of portfolios of all sizes, regardless of the chosen methodology for delivering the programme. Although many of the programmes we have examined are the large infrastructure programmes traditionally associated with major projects, we also audit other major government programmes, gathering learning from our reviews of social, environmental and transformational programmes. Our questions are equally relevant to these types of programmes.

The framework comprises 18 key audit questions, each with suggested sub-questions. We generally ask the high-level questions first, then use the sub-questions to get more information, if needed. Many of the questions are interrelated. More specific tools, for example to help examine certain issues or types of programmes, are signposted under Relevant NAO work. The examples from our studies illustrate how we have reported our answers to such questions across a range of programmes.

The framework comprises 18 key questions grouped into the four elements we consider when we audit programmes.

1 Purpose

Need for programme

1. Is it clear what objective the programme is intended to achieve?

Portfolio management and dependencies

2. Does the programme make sense in relation to the organisation's strategic priorities?

Stakeholder engagement

3. Have the right people bought into the programme, such as users, suppliers, those who have to implement it?

2 Value

Options appraisal

4. Does the option chosen meet the programme's objective and provide long-term value?

Business case

5. Does the business case demonstrate value for money over the lifetime of the programme?

Costs and duration

6. Are cost and duration estimates appropriate to the stage of development of the programme, with risks and uncertainties appropriately reflected?

Benefits

7. Does the programme have a plan to deliver benefits and is this being implemented?

3 Set-up

Governance and assurance

8. Are there structures (internal and external) that provide strong and effective oversight, challenge and direction?

Leadership and culture

9. Does the programme have the right culture and leadership with the necessary authority and influence?

Delivery resources

10. Has the organisation the resources (staffing, capability, equipment, and so on) required to support the programme?

Putting the programme into practice

11. Are scope and business requirements realistic, understood, clearly articulated and capable of being put into practice?

Risk management

12. Are key risks identified, understood and addressed?

4 Delivery and variation management

Delivery strategy

13. Are there appropriate incentives for all parties to deliver (contractual, performance management, or other)?

Change control

14. Is there an effective mechanism to control programme alterations?

Responding to external change

15. Is the programme sufficiently flexible to deal with setbacks and changes in the operating context?

Performance management

16. Is progress being measured and assessed including consideration that the programme is still the right thing to do? Are benefits being achieved?

Lessons learned

17. Is the programme learning from experience on the current programme and previous relevant programmes?

Transition to business as usual

18. Does the programme have a clear plan for transfer to operations/business as usual?

Introduction

Key questions 1 of 1

Detailed questions and examples

Relevant NAO work

BACK TO PREVIOUS

1

Purpose

Question 1

Key audit question 1

Need for programme

Is it clear what objective the programme is intended to achieve?

Sub-questions

- Has the need for the programme been established?
- Is there a clear understanding of what the programme is intended to address and the desired outcome?
- Is it clear that the programme, if delivered, would address the need?
- Are there clear, realistic objectives and an understanding of what success looks like?
- Has the need for the programme been reassessed in the context of the organisation’s continuing strategic decision-making?
- Where the programme has multiple objectives, is it clear which are the priority objectives, and is the programme focused on those?

National Audit Office

DP 009262-001

Need for programme – examples from our studies

In November 2020 we considered progress in Achieving government's long-term environmental goals, as set out in the 2018 25-Year Environment Plan. The government set out 10 overarching environmental goals to achieve the ambition of being the first generation to improve the natural environment of England. We found that the Plan brought together government's environmental commitments and aspirations but did not provide a clear and coherent set of objectives. The headline ambitions included some specific and measurable objectives, such as the ambition to achieve zero avoidable waste by 2050. However, they formed part of a complex mix of aspirations and policy commitments for action, with varying and often unclear timescales. It was also difficult to determine how the ambitions related to pre-existing national, EU and international environmental targets. Since publication of the Plan, the Department for Environment, Food & Rural Affairs (Defra) had developed more detailed strategies for only two of government's 10 environmental goals. Defra had subsequently also developed a wide-ranging Environment Bill, which should put its plans on a statutory basis, and help clarify long-term ambitions.

In October 2019 an Act of Parliament established a new Sponsor Body for a programme to restore and renew the Palace of Westminster. Our April 2020 report on the Palace of Westminster Restoration and Renewal Programme drew on our back catalogue to highlight the value-for-money risks to the Programme. At this early stage, the Sponsor Body was still developing the scope and requirements for the Programme business case. Its uncertain scope risked delays to the Programme and had already deferred urgent business-as-usual maintenance projects.

Our report highlighted that the Sponsor Body would need to develop and prioritise the detailed objectives required to deliver the Programme's vision to "transform the Houses of Parliament". We recognised that this would be a challenge given Parliamentarians' range of views on how the Palace might be transformed, and wider requirements such as building regulations. We recommended that the Sponsor Body and Parliament be realistic about what was achievable and warned against 'gold-plating' by going beyond what is necessary. We also emphasised the importance of longer-term matters, such as the needs of those working in the Palace, and how the Palace should be maintained in future years. Without clear and agreed objectives we cautioned that Programme expectations could increase over time, often termed 'scope creep', and opportunities could be missed to deliver future benefits for the Palace.

A selection of relevant reports

Water supply and demand management (March 2020) paragraph 19

Implementing employment support schemes in response to the COVID-19 pandemic (October 2020) paragraphs 2 and 8

Tackling serious and organised crime (June 2019) paragraphs 8 to 10

Improving the A303 between Amesbury and Berwick Down (May 2019) paragraph 7

Improving children and young people's mental health services (October 2018) paragraphs 6 and 7

Progress delivering the 'One Mission, One Bank' strategy (June 2017) paragraphs 5 and 6

Sustainability and transformation in the NHS (January 2018) paragraph 14

Rolling out Universal Credit (June 2018) paragraph 8

1 Purpose

Question 2

Key audit question 2

Portfolio management and dependencies

Does the programme make sense in relation to the organisation's strategic priorities?

Sub-questions

- Is it clear how programmes within the portfolio interact with each other, and that these interdependencies are recognised and managed?
- Is there a good understanding of how this programme fits with complementary objectives being implemented by organisations throughout the public, private or charitable sectors?
- Is there an effective strategy in place to manage interdependencies between different policies, teams and organisations?
- Does the organisation have the capacity to deliver the scale of change required?

Portfolio management and dependencies – examples from our studies

In March 2020 we reported on Defence capabilities – delivering what was promised. The Ministry of Defence (MoD) develops and operates a portfolio of military capabilities in order to meet its strategic requirements and objectives. A military capability is not simply a piece of equipment such as a tank. Rather, it is a tank with a trained crew that: can communicate with others on the battlefield; can meet identified threats; and can be properly maintained and repaired during its lifetime. The MoD estimates that around 20,000 civilians and military personnel within the MoD are involved in delivering such defence capabilities. The military capabilities are intended to meet the strategic requirements that underpin UK defence policy. Supporting this work are processes for identifying strategic threats and continuously analysing the UK's ability to meet them. Where the MoD concludes there are current or future gaps in its ability to counter these threats, it must decide whether to fill the gap or carry the risk. However, addressing capability readiness issues was contingent upon having funding available. We highlighted that the MoD already faced an affordability gap for its existing capability commitments and no new capabilities could be funded without reducing existing capability commitments further.

Our May 2019 report on Improving the A303 between Amesbury and Berwick Down considered one of eight projects within the Department for Transport's (DfT's) plans to upgrade the entire A303/A358 to dual carriageway over a period of 14 years. It committed £2 billion to starting three of these projects, including the A303 between Amesbury and Berwick Down, by March 2020. When we reported, the Amesbury to Berwick Down project was still at an early stage. However, we found that the project could only fully deliver its strategic objectives as part of a completed A303/A358 corridor.

On its own, the Amesbury to Berwick Down project could only deliver some localised transport and economic benefits such as reduced congestion in the local area. Using the DfT's appraisal process, Highways England considered the five uncommitted projects along the corridor as low to poor value for money. However, if it did not complete all eight projects, DfT would struggle to deliver all the strategic objectives for the Amesbury to Berwick Down project. It would also not address the poor road connectivity concerns raised by local authorities and businesses along the route, a major barrier to economic growth in the South West.

A selection of relevant reports

Managing flood risk (November 2020) paragraphs 4, 5 and 9

Carrier Strike – Preparing for deployment (June 2020) paragraphs 9 and 14

Managing infrastructure projects on nuclear-regulated sites (January 2020) paragraphs 8 and 22

Childhood obesity (September 2020) paragraphs 3, 4, 5, 17 and 18

The Equipment Plan 2018 to 2028 (November 2018) paragraphs 5 and 11

Developing new care models through NHS vanguards (June 2018) paragraph 11

Low carbon heating of homes and businesses and the Renewable Heat Incentive (February 2018) paragraph 10

Early progress in transforming courts and tribunals (May 2018) paragraphs 8 and 17

Defra progress implementing EU Exit (September 2018) paragraph 6

Introduction

Key questions

Detailed questions and examples 4 of 36

Relevant NAO work

BACK TO PREVIOUS

1 Purpose

Question 3

Key audit question 3

Stakeholder engagement

Have the right people bought into the programme, such as users, suppliers, those who have to implement it?

Sub-questions

- Have all stakeholders been identified and their influences understood?
- Have stakeholders been engaged, and their programme roles and responsibilities made clear?
- Are stakeholder concerns recognised and actively considered in the design of the programme?
- Is there an effective stakeholder management plan?
- Is there a communications plan to engage stakeholders throughout the programme, updating them on progress?
- Is there evidence of timely and consistent communications with all stakeholders?

National Audit Office

DP 009262-001

Stakeholder engagement – examples from our studies

Our December 2020 report on Achieving net zero highlighted that arm's-length bodies, regulators and local authorities all have critical roles to play in the achievement of net zero. However, we found that government had not clearly set out the roles of public bodies outside of central departments. Although local authorities would be key in the achievement of emissions reductions in the transport and housing sectors, where the decarbonisation challenge would vary by location, local government representatives cited a lack of clarity from central government on their roles in achieving net zero. The Department for Business, Energy & Industrial Strategy (BEIS), alongside the other departments involved, was yet to put in place all the essential components for effective cross-government working, such as integrated planning and progress monitoring, and processes to manage interdependencies, to ensure all of government stepped up to this challenge. Beyond these internal structures government also needed to spearhead a concerted national effort to achieve the ambitious outcome of net zero greenhouse gas emissions by 2050. To do so, it needed to engage actively and constructively with all those who will need to play a part – across the public sector, with industry and with citizens – to inject the necessary momentum.

In our report on Transforming courts and tribunals: a progress update in September 2019, we reported on Her Majesty's Courts & Tribunals Service's (HMCTS's) progress with delivering its portfolio of court reform programmes to modernise the justice system and reduce complexity. We found that HMCTS had responded to our previous recommendations, and those from the Committee of Public Accounts, and had strengthened its approach to stakeholder engagement and improved transparency by publishing more information on its progress. A stakeholder survey found that 40% of respondents thought that the information they received from HMCTS enhanced their understanding of reform, with 70% of those who attended a reform event having found it useful. HMCTS was also working with other organisations to better understand the impact of reform on the wider justice system. However, 42% of respondents to the survey felt that HMCTS still lacked transparency and stakeholders also raised concerns with the Committee of Public Accounts about a lack of clarity from HMCTS about what stakeholders and users could expect and little engagement with the general public on what was changing.

A selection of relevant reports

Managing infrastructure projects on nuclear-regulated sites (January 2020) paragraph 22

Progress delivering the Emergency Services Network (May 2019) paragraph 15

Digital Services at the Border (December 2020) paragraph 22

Implementing employment support schemes in response to the COVID-19 pandemic (October 2020) paragraph 15

Administration of Welsh Income Tax 2017-18 (January 2019) paragraph 15

Progress on the government estate strategy (April 2017) paragraphs 12, 15, 19 and 20

Air Quality (November 2017) paragraph 15

The failure of the FiReControl project (July 2011) paragraphs 5 and 19

Value

Question 4

Key audit question 4

Options appraisal

Does the option chosen meet the programme's objective and provide long-term value?

Sub-questions

- Does the option appraisal explore a sufficiently broad range of options to determine what the programme should look like?
- Does it include sufficient evidence from a variety of sources?
- Are underlying assumptions clearly set out alongside their limitations and the levels of uncertainty they may introduce?
- Is the preferred option consistent with the programme objectives?
- Has a pilot scheme/feasibility study been considered?
- Have previous or similar programmes from across the sector been reviewed for lessons that can be applied to this programme?
- Is the programme following accepted good practice?

Options appraisal – examples from our studies

Our September 2020 Investigation into how government increased the number of ventilators available to the NHS in response to COVID-19 showed how the Cabinet Office's Ventilator Challenge developed multiple options in parallel to maximise the chances of at least one option succeeding. It used experts to assess the development of these options and the likelihood of each meeting the required regulatory standard. Following the Prime Minister's "call to arms" to UK manufacturers on 16 March 2020 and a sift of more than 5,000 initial responses, Cabinet Office convened a 'technical design authority' (the TDA) to assess ventilators and inform decisions. The TDA included experts and representatives from the NHS national clinical team, critical care specialists, Medicines and Healthcare products Regulatory Agency (MHRA) and government departments, and drew on data from device-testing experts. The TDA met 12 times between 18 March and 21 May. Following its initial meetings at which it rejected some devices, the TDA supported 17 participants and gradually reduced this number as each device proceeded through the regulatory testing process, taking into account the developing picture of demand and government's targets at the time. Cabinet Office's approach was in effect a competition that prioritised speed and maximising the chances of success, before considering cost. The Ventilator Challenge was thus not a traditional procurement competition on "most economically advantageous tender" grounds. Instead, the TDA process was a way of continuously assessing multiple options against requirements. Cabinet Office eliminated devices only after it decided they were either: not likely to meet the regulatory standard in time; or, in the end, were not needed. Eventually, Cabinet Office ordered those that met the regulatory standard first. There was no direct competition between participants on cost, although Cabinet Office considered the cost of designs in deciding, for example, the volume and mix of devices.

In March 2019 we examined the Ministry of Justice's progress with delivering its probation service reforms, Transforming Rehabilitation: Progress review. Looking back at the Ministry's options appraisal, we reported that the Ministry designed and implemented its reforms too quickly and without sufficient testing of potential options. Tight deadlines meant that the Ministry did not adequately test how the transformed system would work before letting contracts. It did not have a good understanding of probation trusts' delivery models, working practices and governance, and relied heavily on their information about costs. Although it began some pilots, these ended early and others were abandoned before they started. In July 2018, the Justice Secretary acknowledged that the quality of probation services being delivered was falling short of expectations and announced that the Ministry would terminate its contracts with Community Rehabilitation Companies 14 months early, in December 2020. The Ministry has consulted on the next generation of contracts and its proposals address many of the issues that have caused problems.

A selection of relevant reports

Water supply and demand management (March 2020) paragraph 9

The government's approach to test and trace in England – interim report (December 2020) paragraph 7

Progress delivering the Emergency Services Network (May 2019) paragraph 8

Investigation into the Department for Transport's decision to cancel three rail electrification projects (March 2018) paragraphs 4 and 5

The new generation electronic monitoring programme (July 2017) paragraph 7

E20: renewing the EastEnders set (December 2018) paragraph 8

Investigation into the British Army's Recruiting Partnering Project (December 2018) paragraph 4

2

Value

Question 5

Key audit question 5

Business case

Does the business case demonstrate value for money over the lifetime of the programme?

Sub-questions

- Have the intended benefits and outcomes been clearly defined?
- Does government recognise the long-term funding commitment, with funding committed for the current phase of the programme?
- Does the business case cover all the requirements that will contribute to successful delivery of the programme?
- Is there a clear understanding of the level of complexity, including the underlying uncertainties, the programme presents and the environment in which it will be delivered?
- Is there a credible estimation of all costs, appropriate for the stage of the programme?
- Does the business case include credible estimation of all durations, appropriate for the stage of the programme?
- Has the business case been independently reviewed and benchmarked?
- Does the business case demonstrate that the programme is affordable, and have decisions been made with regard to value for money?
- Has the business case been re-assessed at the programme's strategic decision points or in the case of significant changes to duration, cost or scope?
- Is there a clear plan for how estimates of cost will mature as the programme is developed?
- Is there a clear plan for how estimates of duration will mature as the programme is developed?

Business case – examples from our studies

Our 2017 report Hinkley Point C found that the Department for Business, Energy & Industrial Strategy (BEIS) had not sufficiently considered the costs and risks for consumers when it agreed key commercial terms on the deal in 2013. It only considered the impact of the deal on consumers' bills up to 2030, while consumers are locked into paying for Hinkley Point C long afterwards. By the time BEIS finalised the deal in 2016 its value-for-money tests showed the economic case for Hinkley Point C was marginal and subject to significant uncertainty. Less favourable, but reasonable, assumptions about future fossil fuel prices, renewables costs and follow-on nuclear projects would have meant the deal was not value for money according to BEIS's tests. Between 2013 and 2016 the government's case for the project had weakened, but BEIS's capacity to take alternative approaches was limited once terms were agreed. Although the government increasingly emphasised Hinkley Point C's unquantified strategic benefits, we found that BEIS had little control over them and had no plan to realise them.

In 2014 the Department for Transport (DfT) said it aimed to upgrade the entire A303/A358 road corridor to dual carriageway standard over the next 14 years through eight individual projects. In 2019 we reported on the Improving the A303 between Amesbury and Berwick Down project, which was still at an early stage. We found that there was a good strategic reason for the project, however the economic case relied on heritage benefits that were uncertain. The high cost of building a tunnel, compared with widening or moving the road, meant that under the standard method for appraising transport projects, the project would only deliver 31p of benefit for every £1 spent. Highways England therefore expanded its appraisal to include a monetary value for cultural heritage, to reflect the project's wider objectives. At £955 million (2010 prices and discounted) these made up 73% of total monetised benefits. With these included, Highways England expected the project to deliver £1.15 of benefit for every £1 spent, which DfT considered low value for money.

While Highways England used approved methodologies to do this, calculating benefits in this way is inherently uncertain and DfT advised decision-makers to treat them cautiously.

A selection of relevant reports

Achieving net zero (December 2020) paragraphs 8 and 17

Universal Credit: getting to first payment (July 2020) paragraphs 6 and 7

Improving the prison estate (February 2020) paragraph 13

Managing infrastructure on nuclear-regulated sites (January 2020) paragraphs 7, 10 and 22

Tackling serious and organised crime (June 2019) paragraph 14

Progress delivering the Emergency Services Network (May 2019) paragraphs 6, 14 and 22

Early progress in transforming courts and tribunals (May 2018) paragraph 11

Value

Question 6

Key audit question 6

Cost and schedule

Are cost and duration estimates appropriate to the stage of development of the programme, with risks and uncertainties appropriately reflected?

Sub-questions

- Have the baseline cost and duration estimates been reassessed at appropriate decision points to reflect an increasing level of maturity?
- Have cost and duration estimates been independently validated?
- Does the programme have identified contingency (for durations and costs) aligned with its risks and uncertainties?
- Do the cost estimates consider all elements of the programme?
- Is it clear where costs have been excluded or, for example, are part of another programme?
- Do cost estimates make allowance for risks and uncertainties and are they clear how these have been assessed?
- Do the duration estimates consider all elements of the programme?
- Does the programme schedule reflect dependencies on activities managed within and outside the programme?
- Has the programme's critical path been assessed as achievable and is progress being effectively monitored?
- Does the programme schedule have realistic and achievable milestones that provide a baseline for timely and appropriate reporting of progress?
- Has the baseline schedule for the programme been reviewed at appropriate decision points to ensure it remains deliverable?

Cost and schedule – examples from our studies

In October 2019, an Act of Parliament formalised a new Sponsor Body which would be responsible for a programme to repair and improve the Palace of Westminster. Our April 2020 report on the Palace of Westminster Restoration and Renewal Programme drew on our back catalogue of work to highlight risks to value for money facing the Programme. We found that the Sponsor Body's efforts to better understand uncertainties in parts of the Programme, such as the condition of the Palace, were hampered by poor information. Given the very early stages of the Programme we recognised that such uncertainties were to be expected, but they needed to be understood. The related Elizabeth Tower restoration project highlighted the importance of understanding uncertainties: project costs increased 176% (to £80 million), in part because of an over-optimistic view of the project's risks and a lack of knowledge of the Tower's condition. We recommended that the Sponsor Body works towards developing evidence-based cost and time ranges to manage the Programme. These should include a plan with: milestones setting out when estimates could be reassessed with more certainty and the ranges narrowed; and internal benchmarks and information to measure delivery performance.

In May 2019 we reported on the Home Office's Progress delivering the Emergency Services Network (ESN). ESN is the government's chosen option to replace the Airwave system used by the emergency services for communications between control rooms and the field. We found that implementing ESN was expected to cost £3.1 billion more than forecast in 2015, and the revised forecast costs were highly uncertain. The Home Office previously expected that emergency services would start using ESN in September 2017, allowing Airwave to be replaced in December 2019. In September 2018, the Home Office announced a 'reset' of its approach, based on a phased introduction of ESN services, rather than launching the whole programme at once.

But the reset resolved only some of the issues. The Home Office did not have a robust and sufficiently detailed plan that demonstrated it understood the challenges faced by emergency services in introducing ESN, and it was also not clear how the various programme components of ESN would be integrated successfully. This lack of understanding created a risk that poor decisions would be made and further 'resets' would be needed in future. There were still significant risks and, based on past performance, we concluded it seemed unlikely that ESN could be delivered by the target date of 2022.

A selection of relevant reports

High Speed Two: A progress update (January 2020) paragraphs 5, 6 16 and 23

Transforming courts and tribunals: a progress update (September 2019) paragraph 11

Improving the A303 between Amesbury and Berwick Down (May 2019) paragraph 14

Completing Crossrail (May 2019) paragraphs 10 and 16

Investigation into land and property acquisition for the Phase One (London – West Midlands) of the High Speed 2 programme (September 2018) paragraph 6

Modernising the Great Western railway (November 2016) paragraphs 9–13

Progress delivering the 'One Mission, One Bank' strategy (June 2017) paragraph 7

2 Value

Question 7

Key audit question 7

Benefits

Does the programme have a plan to deliver benefits and is this being implemented?

Sub-questions

- Are there clearly identified programme benefits that can be defined and measured?
- Are the estimated benefits based on realistic and defensible assumptions?
- Has the business case established a baseline to assess the impact of the programme?
- Is there a process in place to collect the information needed to evaluate the programme's impact?
- Is there a strategy in place to deliver the full programme benefits over the long term?
- Does it consider other activities required to capitalise on the opportunities presented by the programme and the major sensitivities that may affect realisation of benefits?
- Is the evaluation strategy capable of identifying unintended or inequitable consequences?
- Is the programme on track to deliver its intended benefits?

Benefits – examples from our studies

In 2010 government announced its aim for the UK to have the best superfast broadband network in Europe. It established the Superfast Programme to support broadband roll-out to areas which were not commercially viable. Our 2020 Improving Broadband study reported that the original target for 90% of premises to have access to download speeds of at least 24 megabits per second by 2015 had been revised in 2013 to achieving 95% by 2017. This was achieved broadly on time, although coverage was not consistent across areas or types of premises. Better broadband had helped communities across the nation to work and study from home and stay connected during the COVID-19 pandemic in ways that would not have been possible five years ago. However, in managing the trade-off between coverage and speed, the UK had a broadband network that was not fully future-proof and, less than a decade after launching its Superfast Programme, government had identified the need to upgrade it again.

By mid-2019, the European Commission's Digital Economy and Society Index ranked the UK eighth out of the 28 EU countries on overall superfast broadband coverage, ahead of Germany and France, and fifth out of 28 on rural coverage. However, the way in which the Department for Digital, Culture, Media & Sport (DCMS) had set up the Superfast Programme made it difficult to assess performance, as the business case lacked programme-specific measures against which to judge success. Government had set a very challenging timeline in promising nationwide connectivity by 2025 and the experience from the Superfast Programme, as well as our previous work on major programmes demonstrate the importance of setting and publishing a realistic timetable and continuing to test whether this was achievable.

Our 2020 report on Improving the prison estate found that Her Majesty's Prison and Probation Service (HMPPS) did not have a clear picture of facilities management services in prisons before outsourcing the service in 2015.

HMPPS expected to achieve savings of £79 million by contracting-out to Amey and Carillion but failed to achieve these. Its approach contained common mistakes made in first-generation outsourcing. It had an inaccurate and incomplete understanding of its assets, their condition and required services. Due diligence was not sufficiently robust and HMPPS severely underestimated the demand for reactive maintenance work arising from vandalism and failing assets. It expected to pay providers £17.7 million for variable costs (reactive maintenance costs above an approved threshold of £750 for each job, excluding vandalism) by 2018-19 – the fourth year of the contracts – but had paid £160.4 million, a difference of £142.6 million.

A selection of relevant reports

The government's approach to test and trace in England – interim report (December 2020) paragraph 20

BBC Studios (January 2020) paragraph 11

Transforming courts and tribunals: a progress update (September 2019) paragraph 8

Transforming Rehabilitation: Progress review (March 2019) paragraph 8

Projects leaving the Government Major Projects Portfolio (October 2018) paragraph 9

Rolling out smart meters (November 2018) paragraphs 8, 11, 14 and 15

Hinkley Point C (June 2017) paragraphs 17 and 23

The completion and sale of High Speed 1 (March 2012) paragraphs 8, 9 and 14

3
Programme set-up

Question 8

Key audit question 8

Governance and assurance

Are there structures (internal and external) that provide strong and effective oversight, challenge and direction?

Sub-questions

- Is there a governance structure that is appropriate to the stage of the programme and the programme risks?
- Does the governance structure engage all relevant oversight bodies, such as regulators or parent organisations effectively?
- Are there clearly defined roles and responsibilities across the programme?
- Is there a distinct programme management team with authority and responsibility for delivering the programme?
- Do the appropriate boards receive timely and accurate reports on programme progress?
- Is the programme integrated into the wider planning and development of the organisation?
- Are the programme and oversight teams realistic about their ability to deliver and implement the programme successfully?
- Do the programme sponsor and other senior stakeholders receive independent assurance on the programme?
- Has the programme management team responded proactively to independent assurance reviews?
- Does the programme senior responsible owner have appropriate oversight of the activities of delivery bodies?

Introduction

Key questions

Detailed questions and examples 15 of 36

Relevant NAO work

BACK TO PREVIOUS

Introduction

Key questions

Detailed questions and examples 16 of 36

Relevant NAO work

BACK TO PREVIOUS

Governance and assurance – examples from our studies

Our December 2020 Investigation into preparations for potential COVID-19 vaccines examined government's progress in securing potential vaccines and determining how they would be deployed to the public. Extremely high global demand, coupled with the scarcity of vaccine resources, had put added pressures on government to make fast-paced decisions to secure access to potential vaccines, and to build the capacity to manufacture and deploy them in a timely manner. The Department for Business, Energy and Industrial Strategy (BEIS), HM Treasury and Cabinet Office made changes to existing processes to support the pace of investment decisions needed to help the UK purchase vaccines and secure manufacturing capacity. Examples of the changes introduced included increasing delegation levels and reducing the time taken by BEIS's Projects and Investments Committee to make decisions. Two new panels were also introduced: an Investment Panel to consider decisions valued at up to £150 million; and a Ministerial Panel to look at decisions valued at more than £150 million. In September 2020, the Secretary of State for Health and Social Care revised the governance for deployment activities and appointed a single senior responsible owner for deployment from within NHS England and NHS Improvement. The aim was to create a unified programme with streamlined responsibilities and greater cross-departmental working to reduce duplication and provide greater clarity of accountabilities and transparency. In September 2020, a new Deployment Programme Board was established to assure delivery and provide cross-government oversight, replacing some boards already established by other health bodies.

In June 2019 we examined the government's strategic response to Tackling serious and organised crime after the government revised its serious and organised crime strategy in 2018. We found that the government lacked a strong accountability framework to drive implementation of the strategy.

The Home Office and the National Crime Agency did not know whether their efforts were working and were not yet able to target resources against the highest-priority threats. Despite ongoing efforts to improve them, governance and funding arrangements remained complex, inefficient and uncertain. The senior responsible owner's responsibility for ensuring that the strategy was implemented was not matched by their powers and authority to direct organisations tackling serious and organised crime, to hold them accountable, or to move money between them to achieve the best outcomes. Governance was cluttered, despite some progress in consolidating the 37 governance groups focused on tackling serious and organised crime and the 59 groups that discussed related topics. They therefore had to work through a system characterised by considerable constraints.

A selection of relevant reports

Managing flood risk (November 2020) paragraph 10

Achieving government's long-term environmental goals (November 2020) paragraphs 14 and 21

Investigation into maintenance of the museum estate (March 2020) paragraph 9

Carrier Strike – Preparing for deployment (June 2020) paragraphs 16 and 17

The Nuclear Decommissioning Authority's Magnox contract (October 2017) paragraph 8

Improving children and young people's mental health services (October 2018) paragraph 8

Progress delivering the 'One Mission, One Bank' strategy (June 2018) paragraph 8

Projects leaving the Government Major Projects Portfolio (October 2018) paragraph 12

3
Programme set-up

Question 9

Key audit question 9

Leadership and culture

Does the programme have the right culture and leadership with the necessary authority and influence?

Sub-questions

- Does the programme leadership have the appropriate knowledge, attitudes and skills required to deliver the programme?
- Does the programme leadership enable open and transparent reporting under a non-blame culture?
- Are the leadership's decisions accepted by stakeholders?
- Does the programme leadership understand the cultural barriers to delivery, and is it taking any actions required?
- Can the programme leaders give the time and priority needed to fulfil their responsibilities?
- Does the programme leadership exhibit ownership of the programme and provide clarity of direction?
- Is there a committed programme sponsor ensuring commitment and oversight at the right level of the organisation?

Leadership and culture – examples from our studies

Our 2020 report on Water supply and demand management found that the Department for Environment, Food & Rural Affairs (Defra) had not been sufficiently influential to ensure water efficiency was a priority across government. As the policy lead on water resources, Defra has overall responsibility for setting the policy and regulatory framework for water in England. To deliver this, it oversees a complex delivery landscape of multiple regulators and privately owned water companies. We reported that Defra should ensure it was effectively influencing other public bodies and departments to reduce their own water consumption and introducing wider policies that could impact water consumption. We highlighted that other government departments had policies that could have a major impact on water consumption, for example building and planning regulations, product labelling and product standards. Although energy efficiency had been embedded in these, water efficiency was yet to be regarded in the same way. Defra told us that it was starting to work with other government departments to explore how water could be given greater prominence using responses from its July 2019 consultation on reducing water consumption to help shape this work. Defra needed to do more to promote the need for water efficiency more coherently, ensure there was a coordinated and credible message, and identify all opportunities to influence and work with other government departments. This was to reduce usage by hospitals, schools and other large public sector users, as well as influence policies that had an impact on water consumption and long-term resilience.

In April 2018 the BBC created the new BBC Studios as its largest commercial subsidiary following a merger of the existing BBC Studios, the BBC's commercial production business, and BBC Worldwide, its commercial distribution business.

Our 2020 report found that although the merger was supported by a clear strategic rationale, it had been challenging to implement the necessary cultural change and new ways of working. There remained work to do to align the differing cultures and processes in its production and distribution arms, but BBC Studios lacked performance indicators for assessing the extent to which it was achieving this alignment. We reported that it was crucial that the oversight of the BBC Board and the BBC Commercial Holdings Board was informed by a sound understanding of where weaknesses lay across BBC Studios' full range of activities. This included clarity about the extent to which BBC Studios was winning new business and generating valuable intellectual property against its plans, and how far its investments, particularly in some of the new, more complex deals, were leading to sustainable margins and returns.

A selection of relevant reports

Defence capabilities – delivering what was promised (March 2020) paragraph 18

The London 2012 Olympic Games and Paralympic Games: post-Games review (December 2012) paragraphs 4.5–4.7

Air Quality (November 2017) paragraph 16

Cross-government funding of research and development (November 2017) paragraphs 16–19

Sustainability and transformation in the NHS (January 2018) paragraph 16

Improving government's planning and spending framework (November 2018) paragraph 18

3 Programme set-up

Question 10

Key audit question 10

Delivery resources

Has the organisation the resources (staffing, capability, equipment, and so on) required to support the programme?

Sub-questions

- Does the organisation have the required skills, experience and commitment appropriate to the stage of the programme?
- In particular, is there appropriate programme management expertise in place for the stage of the programme?
- Are the resources deployed in the right places?
- Is there sufficient capacity to deliver the programme?
- Has the (core) programme delivery team been involved in the design of the programme and/or are they confident of their understanding of the programme and its deliverability?
- Does the programme team have access to support services outside the core team, for example legal, commercial, evaluation and analysis?
- Has the organisation assessed the demand for skills more widely, for example across government and other competing programmes, and how this may impact the programme?
- Has the organisation considered the potential costs of securing skills that it needs and that may be in short supply?
- To what extent does successful delivery of the programme depend on external consultants?
- Are there communication links between the programme team, and those responsible at a senior level for the current and future operational model?

National Audit Office

DP 009262-001

Delivery resources – examples from our studies

In 2010, government announced its aim for the UK to have the best superfast broadband network in Europe and established the Superfast Programme. The Department for Digital, Culture, Media & Sport (DCMS) allocated grant funding to local bodies to procure superfast broadband services for their areas. Our 2020 Improving Broadband report found that government had set challenging targets leading to nationwide gigabit coverage by 2025 and that DCMS was still considering how to deliver this. In doing so, it must manage the tension between meeting a timeline and serving those in greatest need. It had applied some learning from previous programmes but had moved away from some of its more successful aspects in a bid to meet its challenging timeline. DCMS estimated that accelerating nationwide gigabit capability to 2025 would need government to subsidise roll-out of 20% of premises compared with only 10% for a 2033 timeline. Roll-out of gigabit-capable broadband across the UK is a complex challenge requiring the telecoms industry to deliver connectivity to approximately 31 million premises and lay around 500,000 kilometres of cable. DCMS estimated this would require a four-fold increase in build rates and accepted that it would be challenging to achieve the 2025 target, particularly for the hardest to reach 20%. We reported that DCMS needed to deliver a substantial change project to increase its capacity and capability; secure State Aid approval, which could take 18–24 months from start to finish; and design and deliver a complex procurement in time for industry to deliver to the final 20%.

Our January 2020 report on Managing infrastructure projects on nuclear-regulated sites examined three Ministry of Defence (MoD) construction projects for facilities at nuclear-regulated sites. We found that the MoD and its contractors struggled to secure the knowledge needed to design and build cost-efficient infrastructure. Regulators required site operators to provide detailed documentary evidence to show that proposed site changes met regulatory standards. This included evidence of design specifications, testing and the source of all parts used in the build. Preparing such documents required specialist knowledge and skills but, as we had previously reported, there remained nuclear-related skills gaps across the Defence Nuclear Enterprise. Given the specialist nature of the projects we reviewed, and the small pool of contractors able to design and construct them, the three site operators were using many of the same contractor firms. We recommended that the MoD continue its efforts to develop nuclear capacity and skills within the MoD and its contractors. As well as investing in graduate programmes and apprenticeship schemes, and working with civil nuclear colleagues, we recommended that the MoD think more broadly about how to sequence its major projects to develop a smoother work profile and more stable job market. We suggested that it think innovatively about how to increase staff capacity, such as requiring contractual partners to maintain a minimum number of experienced specialist staff.

A selection of relevant reports

Managing flood risk (November 2020) paragraph 23

Implementing employment support schemes in response to the COVID-19 pandemic (October 2020) paragraph 11

Digital transformation in the NHS (May 2020) paragraph 17

Transforming Rehabilitation: Progress review (March 2019) paragraph 9

E20: renewing the EastEnders set (December 2018) paragraph 13

Capability in the Civil Service (March 2017) paragraphs 6–8

The new generation electronic monitoring programme (July 2017) paragraph 14

Investigation into land and property acquisition for the Phase One (London – West Midlands) of the High Speed 2 programme (September 2018) paragraph 7

3 Programme set-up

Question 11

Key audit question 11

Putting the programme into practice

Are scope and business requirements realistic, understood, clearly articulated and capable of being put into practice?

Sub-questions

- Has the programme clearly defined the business requirements?
- Does the programme design take into account likely business and external changes?
- Have stakeholders endorsed the arrangements for delivering the programme?
- Has the programme identified the enablers necessary to achieve its objectives (for example people, policies, funding, processes, partners, technology)? Are they in place?
- Does the organisational risk management plan consider risks associated with the future operation of the service or capability?
- Is implementation of the programme progressing to plan?
- Have the implications for current business operations been considered when assessing changes in programme scope or schedule?
- Is there an appropriate disaster recovery plan?

Putting the programme into practice – examples from our studies

Flooding and coastal erosion put lives, livelihoods and people's well-being at risk. The Environment Agency (EA) was set a target to provide better protection for 300,000 homes through its investment from 2015 to 2021. In November 2020 our Managing flood risk report identified that the EA was on track to achieve 300,000 homes better protected by March 2021 within its budget of £2.6 billion. More than 700 new schemes had been introduced since 2015, providing better protection for more than 242,000 homes. It was also on track to meet a 10% efficiency target for both capital and revenue spend set by HM Treasury. However, there were wide regional variations, with investment per property at risk in the North East at almost £6,000, more than double the national average and three times more than in the South West. The Department for Environment, Food & Rural Affairs (Defra) was not able to fully explain these variations.

Defra's narrow focus on the homes better protected target had not necessarily produced the best return on investment and did not represent the full picture as it did not incorporate flood risk to non-residential buildings, agricultural land and other infrastructure. As we approached the end of the current investment period, government did not have a comprehensive measure to demonstrate whether the overall level of flood risk in England was lower now than it was at the start of the programme. Over the next six-year period starting in April 2021, government's capital investment was set to increase substantially to £5.6 billion but Defra had yet to provide full details of what it aimed to achieve from the programme, how the programme would be managed and what indicators it would use to measure progress.

Upgrading or replacing legacy systems and improving information at the border through digital transformation programmes had been an ambition of the Home Office since the launch of its e-borders programme in 2003.

In 2014, the Home Office started its Digital Services at the Border programme as a new attempt to achieve its objectives by March 2019. Our December 2020 Digital Services at the Border report found that the Home Office underestimated the technology requirements of the programme and the capability it needed to deliver them. The Home Office found it complex and expensive to build physical storage centres required to hold Secret-level data, following the change to classification of security data introduced in 2014, and by May 2019 this issue also attracted the highest risk-rating category, and had not been resolved. In July 2019, the Home Office decided to reset the programme, extending its delivery timescale by three years and increasing costs. We reported that the Home Office would not meet all the user needs and requirements it originally planned through the programme by its new end of March 2022 delivery date. The Home Office had planned that the programme would meet the data requirements of law enforcement organisations and other agencies to enable them to better identify unknown threats. However, the Home Office removed this requirement from the programme following the reset and transferred responsibility for delivering it to another departmental team.

A selection of relevant reports

Improving Broadband (October 2020) paragraph 16

The supply of personal protective equipment (PPE) during the COVID-19 pandemic (November 2020) paragraphs 9 and 10

Specialist skills in the civil service (July 2020) paragraph 6

Tackling serious and organised crime (June 2019) paragraph 12

Rolling out Universal Credit (June 2018) paragraph 10

Rolling out smart meters (November 2018) paragraphs 12 and 21

E20: renewing the EastEnders set (December 2018) paragraph 14

BACK TO PREVIOUS

Question 12

Key audit question 12

Risk management

Are key risks identified, understood and addressed?

Sub-questions

- Has the programme adopted systematic approaches (for example horizon scanning, comparative assessment) to identifying and considering risks?
- Have reasonable efforts been made to identify and assess programme risks?
- Have risks been appropriately analysed to assess both the likely occurrence and the potential impact to produce a prioritised risk management strategy?
- Have key risks been allocated an owner and a management plan put in place?
- Are there systematic criteria for escalation of concerns?
- Have risks associated with using innovative approaches to delivery, such as accelerated scheduling, innovative products or solutions, or extensive digitisation, been robustly assessed and taken into account?
- What contingency plans are in place and how would they be activated? Do they address an appropriate range of scenarios?

Risk management – examples from our studies

The High-Speed Two programme aims to construct a new high-speed, high-capacity railway between London, Leeds and Manchester, via the West Midlands. Our 2020 report High Speed Two: A progress update found that the High-Speed Two railway was over budget and behind schedule because the Department for Transport (DfT), HS2 Ltd and wider government had underestimated its complexity. HS2 Ltd did not account fully for the level of uncertainty and risk in the programme when estimating the costs of Phase One in April 2017. Phase One was now forecast to cost between £31 billion and £40 billion, £3.9 billion to £12.9 billion (14% to 47%) more than its available funding. The method used originally for calculating contingency was not appropriate for a programme at such an early stage of development and the estimated £7 billion of contingency was not enough to address the significant cost increases that subsequently emerged. HS2 Ltd now had greater confidence in its cost estimate for Phase One but it would need to manage risks that could cause costs to increase further as the programme progressed. Given the scale, complexity and early stage of the programme, we reported that DfT and HS2 Ltd would need to consider how to monitor whether the level of contingency was sufficient for future risks materialising and when it might be appropriate to narrow the range of estimated costs.

Our May 2019 report on Progress delivering the Emergency Services Network (ESN) found that the Home Office reset of the programme had addressed some of its core issues by introducing a staged approach to the roll-out, replacing a key piece of technology, strengthening its management teams and processes, and renegotiating contracts. However, serious risks remained which the Home Office was yet to resolve. The required technology to allow emergency services to communicate effectively using ESN was not yet ready. For example, aircraft were unable to receive the signal needed to communicate with those on the ground and devices were unable to communicate directly with one another without a network signal. Emergency services also needed to be able to make near-instant calls at the push of a button. This technology was still in development and was not expected to meet user requirements until at least 2020. The different elements of technology also needed to be integrated to work effectively together, but the Home Office was yet to come up with a detailed plan of how this will be achieved.

There are also a number of commercial risks to ESN. The Home Office was renegotiating the programme's main contracts with Motorola and EE, but progress was behind schedule. Motorola needed to be carefully managed, as both a main supplier to ESN and the owner of Airwave. It could therefore benefit financially from further delays if Airwave is extended. The Home Office was yet to agree who will be responsible for running the ESN service once launched.

A selection of relevant reports

Water supply and demand management (March 2020) paragraph 10

Investigation into government procurement during the COVID-19 pandemic (November 2020) paragraph 16

Investigation into how government increased the number of ventilators available to the NHS in response to COVID-19 (September 2020) paragraph 17

Defence capabilities – delivering what was promised (March 2020) paragraph 8

The London 2012 Olympic Games and Paralympic Games: post-Games review (December 2012) paragraphs 6 and 8

Investigation into the British Army's Recruiting Partnering Project (December 2018) paragraph 6

Update on the Thameslink Programme (November 2017) paragraph 13

Rolling out smart meters (November 2018) paragraph 24

4 Delivery and variation management

Question 13

Key audit question 13

Delivery strategy

Are there appropriate incentives for all parties to deliver (contractual, performance management, or other)?

Sub-questions

- Has a range of different ways of delivering the programme been considered and evaluated?
- Have contractors/partners been selected using a defensible process?
- Is there appropriate sharing of risk and reward between parties?
- Are risks owned by the parties best placed to manage them?
- Are contractors appropriately incentivised to deliver to budget?
- Are contractors appropriately incentivised to fully deliver the contractual requirements?
- Have incentives been considered in the negotiation and design of the commercial arrangements from the outset?
- Is there clear oversight and responsibility for supply chain management, including the performance of suppliers?

Delivery strategy – examples from our studies

The Home Office provides accommodation and support for asylum seekers and their families while their cases are processed. It awarded new contracts in 2019 at a total estimated value of £4.0 billion over the 10 years from 2019 to 2029. Our July 2020 Asylum accommodation and support report found that the Home Office was paying an estimated 28% more to current providers after finding that previous contracts were under-priced. The 'reverse auction' process used to award the previous contracts had produced unsustainably low bids, with some providers making losses and 'onerous contract' provisions in their accounts totalling around £216 million. The Home Office also negotiated improvements to the service in return for paying providers more, such as additional household goods and more information for those using the service. However, we found that the Home Office could make better use of information, to assure itself and others that providers were delivering services that met people's needs. The Home Office primarily relied on providers to submit their own performance data, as it could only carry out some checks against the Home Office's own data. We saw instances where providers reported incomplete or late data. The Home Office did not yet monitor all other contractual requirements. The Home Office was not yet using an issue-reporting service to its full potential, for example by using aggregate and trend data to resolve issues raised by stakeholder organisations or monitoring how vulnerable people were safeguarded.

In 2013, the Ministry of Justice embarked on major reforms of probation services. Our 2019 report on the reforms – Transforming Rehabilitation: Progress review – found that the Ministry's chosen commercial approach for its Transforming Rehabilitation programme proved to be inappropriate given the nature of probation services. The Ministry designed outcome-based contracts with payment by results to encourage Community Rehabilitation Companies (CRCs) to innovate.

However, the Ministry had a low risk appetite for failure, which limited innovation, and the use of payment by results was not well-suited for probation services due to the length of time for outcomes to be measured and the number of external influences on the outcomes. In June 2018, the Ministry found that the CRCs faced collective losses of £294 million over the life of the contracts compared to expected profits of £269 million and concluded that these losses would result in providers withdrawing services, unacceptable further deterioration in performance and, potentially, multiple providers becoming insolvent. The Ministry decided to terminate CRC contracts 14 months early, in December 2020.

A selection of relevant reports

Progress report: Terminating the Magnox contract (October 2020) paragraph 8

Managing PFI assets and services as contracts end (June 2020) paragraph 13

Managing infrastructure projects on nuclear-regulated sites (January 2020) paragraphs 11, 12, 19 and 22

Progress delivering the Emergency Services Network (May 2019) paragraph 20

The Defence Nuclear Enterprise: a landscape review (May 2018) paragraphs 11 and 12

E20: renewing the EastEnders set (December 2018) paragraph 16

Hinkley Point C (June 2017) paragraph 8

Rolling out smart meters (November 2018) paragraph 11

4 Delivery and variation management

Question 14

Key audit question 14

Change control

Is there an effective mechanism to control programme alterations?

Sub-questions

- Are changes considered in the context of the programme as a whole, and the future operating environment?
- Do changes to scope or objectives required to adjust to future needs consider value for money?
- Are the authorities for approving changes clearly set out?
- Do proposed changes to the programme take account of the cumulative effects of multiple changes and impact of changes on other activities?
- Are the reasons behind changes understood and reported, either as desirable or as risks to the wider programme delivery and achieving benefits?

Change control – examples from our studies

In April 2020 we reported on the core value-for-money risks at the early stages of the Palace of Westminster Restoration and Renewal Programme. We highlighted that the long-term nature of the Programme would make it likely that technology and working practices would change before it ended. We found that the Sponsor Body and Parliament had not yet decided on a process for revisiting decisions if the Programme requirements changed, leading to costs increasing and increasing the risks to value for money. The Sponsor Body has a statutory duty to seek Parliamentary approval should it need to significantly change requirements after the outline business case has been approved, but it remained unclear how changes requested by Parliament would be managed, and how the Sponsor Body would mitigate the risk of 'scope creep'.

We recommended that the Sponsor Body and Parliament put in place clear structures to enable them to work together to establish a single set of objectives and requirements, and to put in place clear and agreed change processes that establish which changes were significant enough to reopen requirements after the business case had been approved. This should also establish how the time and cost implications of any changes would be weighed against potential benefits.

In January 2020 our Managing infrastructure projects on nuclear-regulated sites report examined three Ministry of Defence (MoD) construction projects for facilities at nuclear-regulated sites. We found that by progressing projects too quickly early on, the MoD had increased its risk exposure. A reliance on monopoly site operators (AWE, BAE Systems and Rolls Royce) had weakened the MoD's commercial negotiating position so it was more likely to hold more of the contractual risks, while the inherent uncertainties of early designs also increased the risk to the MoD as it did not always build into projects the flexibility to allow for changes.

Risks increased further when building was started before the requirements and design were sufficiently mature. For the three projects in our review, this contributed 48% of the total £1.35 billion cost increase. For example, for the primary build facility contract, construction costs increased by £108 million following changes in requirements. MoD also started building the new core production capability facilities without a clear specification of the core design and a full understanding of how the facility would be used. The initial facility subsequently turned out to be too small, contributing to the £146 million total project cost increase.

A selection of relevant reports

High Speed Two: A progress update (January 2020) paragraph 17

Digital Services at the Border (December 2020) paragraphs 4 and 5

The Nuclear Decommissioning Authority: progress with reducing risk at Sellafield (June 2018) paragraph 9

Update on the Thameslink Programme (November 2017) paragraph 8

Investigation into the Department for Transport's decision to cancel three rail electrification projects (March 2018) paragraphs 4 and 5

Rolling out smart meters (November 2018) paragraph 15

E20: renewing the EastEnders set (December 2018) paragraph 14

4 Delivery and variation management

Question 15

Key audit question 15

Responding to external change

Is the programme sufficiently flexible to deal with setbacks and changes in the operating context?

Sub-questions

- Is the programme team aware of potential changes in wider policies and programmes that impact on the programme?
- Has scenario planning been used to check programme assumptions?
- Have changes in the delivery environment been responded to within the programme?
- Does the programme team monitor the resilience of the commercial landscape and potential impacts of supplier failure or sector demand?
- Which identified external risks have materialised and with what effect?

Responding to external change – examples from our studies

Our 2020 report on Asylum accommodation and support found that the Home Office faced challenges in adapting services to changing demand and in delivering its plan to redistribute people across the country. Following a request by local authorities, the Home Office agreed that by 2029 the regional distribution of supported asylum seekers would be in line with the UK population. At volumes at the time we reported, this would require the Home Office to more than double the number of accommodated asylum seekers in the south of England. It had not calculated what this might cost, but given higher contract prices in the South, we estimated that it could be an extra £80 million. This was in addition to price increases that the Home Office may have to negotiate with providers if the number of accommodated asylum seekers increased beyond limits in the contracts. Meanwhile, the Home Office wanted to increase the number of local authorities agreeing to house asylum seekers in their areas. This would be challenging given financial pressures facing local authorities and the Home Office would need to consider a range of factors, such as whether more rural locations were suitable for people's needs.

In April 2018 the BBC created the new BBC Studios as its largest commercial subsidiary following a merger of the existing BBC Studios, the BBC's commercial production business, and BBC Worldwide, its commercial distribution business. This was in response to strategic challenges from increased competition for content and the talent needed to create this content, and from a significant change in how audiences in the UK and globally were consuming this content, moving away from watching a traditional TV set to online viewing. These market changes increased the importance of owning the underlying ideas, or intellectual property (IP), of the content produced. The BBC's rationale for creating BBC Studios as a global, integrated business that is better able to compete in the market was consistent with market trends.

While implementing the merger, BBC Studios had taken several strategic decisions which helped the BBC respond to market changes. The market environment had advanced considerably since April 2018. For example, existing content providers, such as Disney and WarnerMedia, were setting up their own subscription video-on-demand (SVoD) services, while existing SVoD providers, such as Netflix and Amazon, were increasingly commissioning their own content in genres, such as natural history, where the BBC had traditionally been strong. BBC Studios had evolved to address these changes and helped the BBC implement its 'Routes to Market strategy' – its strategy for increasing the BBC's control over how its content is delivered to audiences in the UK.

A selection of relevant reports

Improving Broadband (October 2020) paragraphs 10 and 14

Improving local bus services in England outside London (October 2020) paragraph 19

The government's approach to test and trace in England – interim report (December 2020) paragraphs 19 and 23

Implementing employment support schemes in response to the COVID-19 pandemic (October 2020) paragraph 18

Investigation into the British Army's Recruiting Partnering Project (December 2018) paragraph 2

Rolling out smart meters (November 2018) paragraph 22

Investigation into the Department for Transport's decision to cancel three rail electrification projects (March 2018) paragraph 3

Investigation into land and property acquisition for the Phase One (London – West Midlands) of the High Speed 2 programme (September 2018) paragraph 2

Introduction

Key questions

Detailed questions and examples 31 of 36

Relevant NAO work

BACK TO PREVIOUS

Question 16

4 Delivery and variation management

Key audit question 16

Performance management

Is progress being measured and assessed, including consideration that the programme is still the right thing to do? Are benefits being achieved?

Sub-questions

- Does the programme leadership receive accurate and timely reports including information on:
  - progress and milestone achievements against plan?
  - reports on individual work packages/streams?
  - resources and funding used to achieve progress to date (compared to expectations)?
  - confidence in forward plan/updated plan from team and suppliers?
  - how risks and uncertainties are being managed and resolved?
- Does the programme leadership have clear criteria and the right management information to judge when corrective action, such as programme pause, needs to be considered?
- Is there evidence that action has been taken to address problems?
- Does the evidence indicate that the programme has delivered or is on-track to deliver its objectives and intended benefits?
- Is there systematic reporting against clear criteria that reduces reliance on individual judgements?
- Is it practical to manage any delays experienced within the original schedule?

Performance management – examples from our studies

Crossrail is a large, complex programme to run new, direct rail services on both the national rail network and as part of Transport for London's (TfL's) rail and underground network. The programme had been dominated by a fixed completion date of December 2018 set by Crossrail Ltd and the joint sponsors, the Department for Transport (DfT) and TfL. However, in August 2018, Crossrail Ltd announced that the programme could not be delivered on time. Our 2019 report, Completing Crossrail, found that Crossrail Ltd did not have a sufficiently detailed delivery plan against which to track progress. Crossrail Ltd only started to produce a detailed, realistic, bottom-up plan in late 2018. Prior to this, from 2015, it had based its management of the programme on an aspirational plan designed to improve progress by suppliers, rather than to provide a reality check on overall progress. However, the plan did not adequately reflect interdependencies across the programme and consequently there was a gap in the understanding of delivery risks and the likelihood of meeting the December 2018 opening date. The lack of a realistic programme plan and frequent re-planning meant that the ability to report accurately on progress was limited and reduced the likelihood of delivering in December 2018. The sharp increase in cost suddenly became apparent in late 2018.

The Bounce Back Loan Scheme provided registered and unregistered businesses with loans to maintain their financial health during the COVID-19 pandemic. HM Treasury developed the Scheme with the Department for Business, Energy & Industrial Strategy and the British Business Bank. Our October 2020 Investigation into the Bounce Back Loan Scheme found that the Bank had a reporting system in place at launch and it took about a month to fully operationalise it. The reporting system (the portal) allowed the Bank to collect the data needed to administer guarantees in the event of borrower default. It was not designed to monitor risks or prevent fraud in real-time, with lenders performing checks. At Scheme launch lenders had to manually upload data on individual applications, which was a slow process owing to their volume, and a HM Treasury database collected daily reports from this at only an aggregate level. The Bank implemented automated reporting by mid-June, which allowed lenders to provide data in bulk. However, the information held on the Bank's and HM Treasury's systems did not reconcile owing to the time and type of data collected. The decision to provide funds quickly meant that public money was exposed to the risk of fraud caused by self-certification, multiple applications, lack of legitimate business, impersonation and organised crime. The nature of the Scheme places the responsibility for managing fraud risk on the lenders as part of the loan approval process. To support lenders, the Bank established fraud prevention forums to share best practice and aid implementation of additional fraud measures, including a method to prevent duplicate applications. The Bank also used lender data on scheme fraud prevented, to give an indication of the scale of counter-fraud activities.

A selection of relevant reports

Managing flood risk (November 2020) paragraph 14

Asylum accommodation and support (July 2020) paragraphs 11 and 14

Defence capabilities – delivering what was promised (March 2020) paragraphs 13 to 15

Investigation into how government increased the number of ventilators available to the NHS in response to COVID-19 (September 2020) paragraph 19

Progress of the 2016–2021 National Cyber Security Programme (March 2019) paragraphs 15 and 20

The Nuclear Decommissioning Authority: progress with reducing risk at Sellafield (June 2018) paragraph 11

Rolling out smart meters (November 2018) paragraph 23

E20: renewing the EastEnders set (December 2018) paragraph 9

4 Delivery and variation management

Question 17

Key audit question 17

Lessons learned

Is the programme learning from experience on the current programme and previous relevant programmes?

Sub-questions

- Has the organisation sought to learn lessons from previous programmes?
- Is there evidence of systematic learning from current programme performance?
- What caused deviations from plan (over/under-runs)? Are these likely to reoccur/knock-on in subsequent stages?
- Has there been structured evaluation of the programme to identify lessons for future programmes?

Lessons learned – examples from our studies

Carrier Strike is the Ministry of Defence (MoD) programme to provide the ability to launch fixed-wing aircraft from a ship to undertake a range of military tasks. Our 2020 report, Carrier Strike – Preparing for deployment, found that the MoD had made considerable progress on Carrier Strike since we reported in 2017. It had built two new carriers in line with its overall timetable and at a forecast cost of £6.4 billion, which was £193 million (3%) above the revised budget agreed in 2013.

The MoD successfully applied lessons from building *HMS Queen Elizabeth* to the building of *HMS Prince of Wales*. For example, it amended its design for *HMS Prince of Wales* to address problems that it encountered on the other ship, such as flooding. It also applied lessons from its first build programme, such as the decision to remain in dry dock longer to better sequence the fitting of equipment, reducing the time taken by 60%. Overall, the MoD achieved a 39% reduction in the time taken to complete the testing and commissioning programme. We recommended that the MoD conduct further in-depth lessons-learned exercises to ensure that it assessed the factors that led projects to succeed or fail, including the root causes, and disseminate the lessons so that they were reflected in its management of other programmes. It should also look to disseminate lessons more widely across government.

Our 2020 report Managing infrastructure projects on nuclear-regulated sites examined three MoD construction projects for facilities at nuclear-regulated sites. We found that the MoD had not learned all it could from the early stages of similar projects concluded in the UK and elsewhere. The MoD had experienced similar challenges to those identified during its last cycle of nuclear-regulated site investment in the 1980s and 1990s, such as starting to build before requirements or designs were sufficiently mature, increasing risks through inappropriate contracts, and failing to engage with regulators to understand requirements.

Similar challenges were also identified in American defence projects and UK civil projects, many of which were subject to extensive reviews, but we did not identify examples of the MoD formally capturing and sharing lessons learned.

Since the Defence Nuclear Organisation was established in 2016, the MoD, site operators and regulators had established more constructive relationships to better manage value-for-money risks. Each party told us that after developing a clearer understanding of the previous project challenges, relationships and interactions had improved. The MoD had created a senior-engagement forum of all parties to discuss requirements and progress for two projects. It intended to establish a similar group for a third. These groups aimed to develop more efficient approaches to designing infrastructure and we expected them to contribute to the better management of nuclear projects.

A selection of relevant reports

Childhood obesity (September 2020) paragraph 11

Digital transformation in the NHS (May 2020) paragraphs 7 and 19

Progress of the 2016-2021 National Cyber Security Programme (March 2019) paragraph 21

Transforming Rehabilitation: Progress review (March 2019) paragraphs 17 and 18

Developing new care models through NHS vanguards (June 2018) paragraph 10

Reform of the rail franchising programme (November 2015) paragraph 6

Rolling out Universal Credit (June 2018) paragraph 6

The Equipment Plan 2018 to 2028 (November 2018) paragraph 9

National Audit Office

DP 009262-001

Introduction

Key questions

Detailed questions and examples 35 of 36

Relevant NAO work

BACK TO PREVIOUS

4 Delivery and variation management

Question 18

Key audit question 18

Transition to business as usual

Does the programme have a clear plan for transfer to operations/business as usual?

Sub-questions

- Have stakeholders endorsed the requirements for absorbing the programme aims into ongoing operations?
- Is the organisational structure appropriate for the new operational context?
- Are revised operational procedures appropriate and in place?
- Has responsibility for benefit realisation been allocated to operational business units?
- Does the delivered programme satisfy the organisation and key stakeholder requirements?
- Has relevant learning, guidance and experience been migrated from the programme team to the operational team?

Transition to business as usual – examples from our studies

Our 2020 report Universal Credit: getting to first payment focused on the process of making a new claim to the Department for Work & Pensions (DWP). Universal Credit replaces six means-tested benefits for working-age households and is being rolled out through an agile test and learn approach. It thus had both a change team working to develop the digital platform and a large operations team made up of work coaches in job centres and case managers in back-office processing centres. We found that DWP had a clear process for identifying and approving potential improvements to the Universal Credit system. To prioritise planned changes, DWP gathered feedback from its staff, external stakeholders and claimants. It then considered the impact of any changes to Universal Credit systems and processes on the timeliness of payment, fraud and error, and cost-efficiency. DWP prioritised planned improvements into development phases, which last around six months each. The number of improvements or changes DWP could make to its digital system at any one time was limited. This was because teams must test each change to make sure it was working and delivering value before they could alter other areas. DWP also needed to avoid overloading its front-line team with changes and new processes. As a result, unplanned changes, such as changes in government policy, could not always be made immediately and may have required DWP to reprioritise and push back planned work. Its approach had been very effective in improving the proportion of claims paid on time, from 55% in January 2017 to 90% in February 2020. DWP had also improved processes that impacted payment timeliness and applied to large numbers of people. For example, it had automated many of the processes which were slowing payment processing.

Private Finance Initiative (PFI) contracts are a form of public private partnerships used in the UK since the 1990s. In October 2018, government announced it would no longer use the PFI model. Existing PFI contracts remain in place and the oldest ones were now starting to expire, with more than 200 PFI contracts ending in the next 10 years. Our 2020 report, Managing PFI assets and services as contracts end, found that the public sector was not taking a strategic or consistent approach to managing PFI contracts as they ended and risked failing to secure value for money during the expiry negotiations with the private sector. Local bodies, such as individual NHS trusts and local authorities, were managing 82% of PFI contracts. They received varying degrees of support from sponsor departments or supporting bodies, such as the Infrastructure and Projects Authority (IPA). We reported a risk of increased costs and service disruptions if authorities did not prepare for contract expiry adequately in advance. Some authorities had insufficient knowledge about the assets' condition, which risked them being returned to the public sector in a worse quality than expected. There was also evidence that PFI investors were not cooperating with authorities to provide important information. Authorities recognised that contract expiry would be resource-intensive and required unique skills and expected to fill gaps with consultants. We reported that the government's piecemeal approach to hiring consultants, such as legal experts, may not represent value for money in the long term. In 2020, HM Treasury awarded the IPA an additional £2 million in funding, which it used to launch its PFI contract management programme, including a health-check tool to evaluate the expiry risk of 55 contracts by 31 March 2021.

A selection of relevant reports

Water supply and demand management (March 2020) paragraph 17

Asylum accommodation and support (July 2020) paragraphs 12 and 13

Update on the Thameslink Programme (November 2017) paragraph 11

Developing new care models through NHS vanguards (June 2018) paragraphs 10 and 20

Rolling out Universal Credit (June 2018) paragraph 14

Projects leaving the Government Major Projects Portfolio (October 2018) paragraph 11

Investigation into the British Army's Recruiting Partnering Project (December 2018) paragraphs 8 and 9

Crown Commercial Service (December 2016) paragraph 9

Introduction

Key questions

Detailed questions and examples

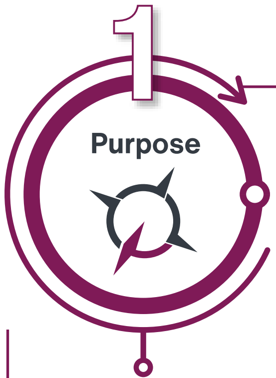
Relevant NAO work 1 of 5

Sharing our knowledge

In being able to look at individual organisations and across government, we have a unique vantage point from which to develop our insights of what has worked well and where the more persistent challenges remain. We aim to be seen as a valuable source of knowledge on how well public resources are used and how the governance and performance of public services can be improved across these bodies. As such, we seek to synthesise what we know on important issues and make it easier for others to understand and apply the lessons from our work.

We focus our work on the issues that matter most to government, and where we can influence long-term value for money and performance improvements. In addition to major project delivery, this includes commercial and regulatory arrangements, people and operational management and digital transformation.

The following pages share a selection of our work examining aspects of government programme delivery.



Managing business operations – senior leaders guide	This guide aims to help senior leaders in government departments and wider public services to effectively manage and improve the way public services are delivered (March 2021). This builds on our previous report Managing business operations – what government needs to get right (September 2015).
Transformation guidance for audit committees	This guidance aims to assist those overseeing transformation programmes, setting out questions committees should ask during set-up, delivery and live-running phases (May 2018).
The Delivery Environment Complexity Analytic: Understanding challenges in delivering project objectives	This tool provides a high-level overview of the challenges, complexity and risks to delivery of a project, programme, policy or area of work (October 2013).
Lessons from cancelling the InterCity West Coast franchise competition	Paragraph 6 of the report identifies five essential safeguards against poor decision-making in major projects necessary to enable sound decision-making and value for money (December 2012).
Initiating successful projects	This guide highlights different approaches taken to initiating projects and developing an understanding of their risks, benefits and deliverability (December 2011).

BACK TO PREVIOUS

Introduction

Key questions

Detailed questions and examples

Relevant NAO work 2 of 5

Survival guide to challenging costs in major projects	This publication outlines some of the challenges in estimating and managing costs. It offers accounting officers and senior decision-makers some ground rules and suggests factors to consider when challenging costs (June 2018).
Framework to review models	This framework provides a structured, flexible approach to reviewing models. It is intended to aid those commissioning or undertaking analysis of a model with the aim of determining whether the model is robust and reasonable (March 2018).
Over-optimism in government projects	This report uses our back catalogue to illustrate the consequences of over-optimism. In doing so, we have identified some contributory factors – such as project complexity and an organisation's culture of challenge (December 2013).
Option Appraisal: Making informed decisions in government	This review of the quality and use of options appraisal in government is aimed at staff involved in options appraisal at working level or responsible for options appraisal within a department (May 2011).

BACK TO PREVIOUS

3
Set-up

Specialist skills in the civil service	This work examines progress government has made in developing specialist skills, and progress made in developing the cross-government functions that support development of these skills. Our focus was on four areas: commercial, digital, finance and project delivery (July 2020). It builds on the NAO's previous work looking at the civil service and the centre of government, including reports on Capability in the civil service (March 2017) and Improving government's planning and spending framework (November 2018).
Managing risks in government	This good practice guide focuses on organisation-wide risk management, but the six principles also apply to managing risks in programmes (June 2011).
Assurance for high risk projects	This report sets out the good practice principles that would be present in a mature and effective assurance system (June 2010).
Governance for Agile delivery	This is our first report on Agile delivery, in which we aim to provide practical support to those in publicly funded bodies who are using or considering using the approach in business change programmes (July 2012).
Challenges in using data across government	This report sets out the NAO's experience of data across government, including initial efforts to start to address the issues. From our past work we have identified three areas where government needs to establish the pre-conditions for success: clear strategy and leadership; a coherent infrastructure for managing data; and broader enablers to safeguard and support the better use of data (June 2019).

National Audit Office

DP 009262-001

Introduction

Key questions

Detailed questions and examples

Relevant NAO work 4 of 5

4 Delivery and variation management

Lessons learned from Major Programmes	This report draws together insights from our recent reports on major programmes, including on Crossrail, Carrier Strike and Universal Credit. It examines the root causes of the issues we see most often and why we think they occur, in order to identify learning points that we think government should focus on in order to improve its performance on major programmes (November 2020).
Managing the expiry of PFI contracts	This report provides information on managing PFI contracts as they come to an end and considers whether government is making appropriate preparations to manage the expiry of PFI contracts (June 2020).
Learning for government from EU Exit preparations	In this report we draw on the breadth of the NAO's EU Exit work to identify and share our perspectives on what government can learn from its experiences. We set out key learning points which have relevance for the civil service's continued work on managing the UK's exit from the EU and more widely (September 2020).
Delivering major projects in government: a briefing for the Committee of Public Accounts	This is a progress report on measures to improve the delivery of major government projects, including major service reforms, ICT projects and infrastructure and construction projects (January 2016).
Performance measurement by regulators	This good practice guide aids improvement in performance measurement and reporting by regulators and other organisations seeking to deliver outcomes through third parties. It has been developed in collaboration with regulators and includes the NAO's experience from working with them and examples of regulators' good practice. It is complemented by a 'performance measurement good-practice criteria and maturity model' which pulls together the good practice criteria set out in this report, and the maturity model developed and applied in our earlier reports on: Performance Frameworks and Board reporting (December 2009 and May 2011) and Choosing the right FABRIC (February 2001). The latter report highlights the need for a good system of performance information to be Focused, Appropriate, Balanced, Robust, Integrated and Cost-effective (November 2016).

BACK TO PREVIOUS

4
Delivery and variation management

Commercial and contract management: insights and emerging best practice This web-page also includes: NAO contractual relationships audit framework	This interactive publication draws on our audits of government contracts and engagement with government to provide practitioners with insights on standards for government contracting (November 2016).
Outcome-based payment schemes: government's use of payment by results	Alongside this report is an analytical framework for decision-makers, a toolkit covering the structure, risks and challenges of payment by results schemes and a framework of questions for consideration (June 2015).
Lessons for major service transformation	This briefing note outlines major lessons for service transformation, drawing on our report Welfare reform – lessons learned and setting out broader principles from our work across government (May 2015).
Lessons from major rail infrastructure programmes	This review of five major rail projects highlights lessons the Department for Transport should apply to current and future rail programmes (October 2014).
Evaluation in government	This review examines the coverage, quality, use and resource costs of evaluation activity. It is aimed at staff responsible for commissioning, producing and using evaluation evidence within departments (December 2013).
Helping Government Learn	Projects and programmes are more likely to succeed and keep to time and budget where lessons have been learned and experience shared. This report examined 11 case examples of organisational learning in the public sector (February 2009).
A Framework for evaluating the implementation of Private Finance Initiative projects	This framework sets out the issues that need to be considered in evaluating whether PFI projects have been implemented effectively, covering the life cycle of projects from initial strategic analysis to the mature operational phase. Many of the issues considered are applicable to non-PFI programmes (May 2006).
A snapshot of the use of Agile delivery in central government	This is the second report on Agile delivery in which we aim to provide practical support to those in publicly funded bodies who are using or considering using the approach in business change programmes (September 2012).

National Audit Office

DP 009262-001