Project Fear

How the Government wastes billions through project failures, and how to prevent it

Lee Rowley MP
July 2019
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Lee Rowley MP
Co-Chair, FREER
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The Charge Sheet

“The Public Accounts Committee continues to have serious concerns about the cost and delivery of the Emergency Services Network (ESN) […] including the delivery timetable, potential overrun costs, and the absence of detailed contingency plans.”

Public Account Committee preamble, www.parliament.uk

“It is disappointing to us to see a programme that at first seemed so promising unravel so quickly and fall victim to the same project management issues that we see so frequently across Whitehall.”

Public Accounts Committee report: ‘Crossrail: Progress Review’, 3 April 2019, p.4

“He [the Disclosure and Barring Service] took a service […] modernised it and productivity dropped off a cliff by a half. It has now got a little better, and we are about to go through a total re-procurement to use the same system, which you are concerned is architecturally flawed, in order to get us back, potentially to close to where it was before it was touched. Is that the summary?”

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“Yes, because that is the sensible way to go about it.”

Exchange between Public Accounts Committee and the Head of the Disclosure and Barring Service reviewing their flawed ‘Modernisation’ Programme which cost £220 million more than expected, 11 March 2019

“If the project is too complex to provide a name as to where the failure is, why is the project not too complicated to provide bonuses to those at the top when they haven’t delivered?”

“I don’t think you are comparing apples with apples in that regard.”

Exchange between Public Accounts Committee and the former Chair of Crossrail reviewing their £2.8 billion cost overrun, 15 May 2019

“Do you think, as the head of the civil service, that we have the wrong people in the wrong jobs? Do we have a lot of very senior civil servants who are interested in policy and not at all interested in project management?”

“[…] Well, my background is not in programme and project management. I would not say every permanent secretary has that […]”

Exchange between Public Accounts Committee and the Head of the Civil Service, 1 April 2019

“Neither the Army nor Capita tested the fundamental changes to the recruitment approach prior to its introduction.”

National Audit Office Report: ‘Investigation into the British Army Recruiting Partnering Project’, 14 December 2018

“We also found no clear or shared understanding of what constitutes value for money in nuclear decommissioning.”

Executive Summary

The UK public sector currently struggles to provide IT and project management. From NHS Records to the Emergency Services Network, and from the Disclosure and Barring Service to e-borders, the Government has been responsible for a litany of project management, delivery, and implementation failures stretching back over many years. On their own, these failures occasionally make the news — buried after the latest political intrigue and guaranteed to elicit no more than an eye roll from most. Yet each one of these failures matters: they represent a forgone opportunity for change, a promise to the public not being realised, or spending not achieving what it was intended to do.

Indeed, government institutions seem rather flat-footed when it comes to project management. Repetitive failure matters more when, for much of the last decade, the Government has been making the case for spending restraint. When your pounds need to stretch even further than before, the ones you actually spend should be done so wisely. And, given that the political narrative has recently (regrettably) swung towards raw spending totals and inputs, the focus on how we spend, or what we achieve, has been lost at the very top. Prime Minister’s Question Time has recently felt like an arms race, characterised by evermore inflated amounts to spend, and little focus on how we spend it.

And that is why the travails of public-sector project delivery are so frustrating. In the last couple of years, the select committee I sit on (the one charged with overseeing that value-for-money test), Public Accounts, has dealt with nine separate instances of project failures, costing the taxpayer over £7.5 billion pounds and collectively causing 34 years of project delays. That’s £7.5 billion of money that has effectively been written off. Or, in crude terms, money that could have funded a penny off corporation tax for a year, the building of 21 new hospitals, the funding of 17,000 new police officers for the next ten years, or the ability to plug the social-care gap for the remainder of this parliament.

Of course, project failure is nothing new. The public are relatively inured to poor project delivery precisely because they have seen decades of it before. And, whilst those at the most senior level of politics have failed to focus on value for money, there has been a valuable continuing effort further down to build on the greater commercial focus first applied by Francis Maude in the 2010–2015 parliament. Credit should go to those people for some successes. This paper neither seeks perfection nor full success in project delivery. Yet, we need a renewed approach to the reduction of project failure in the public sector. We need to decrease inefficiency, to reform public-sector delivery mechanisms properly, and to shift the focus back on to how we spend money, rather than just how much.

To this end, this paper proposes a five-point plan for project-delivery improvement:
• Ending the passivity at the heart of the civil service, by making departmental permanent secretaries fully accountable for project delivery;
• Formally linking senior civil-service remuneration to the achievement of project objectives;
• Transforming the Infrastructure Projects Authority into a centralised delivery arm, headed by a government chief operating officer;
• Empowering MPs to take greater involvement in the monitoring of projects during implementation, rather than simply criticising at the end — through the creation of a specific Projects Monitoring Select Committee, and;
• Instituting a focus on project-management skills development within the civil service.

In short: the age of projects losing hundreds of millions of pounds, followed by the responsible senior civil servants being promoted to Downing Street, must end.

Project management, delivery, and implementation across the public sector will never be perfect. It can, however, be much better. Making it so could unlock billions of pounds to reduce tax, or to spend on public services.
The Problem With Projects

Before focusing on the public sector, it would be remiss not to acknowledge that all projects are difficult, irrespective of where they are delivered. Any organisation — public, private, or charitable — will need over time to restructure, reorder, and review itself to ensure that it is effective and focused on what its users, or customers, need and want. When change is required, either because something must be improved, or because this is compelled by law or regulation, it can be a real challenge. Old habits die hard. People do not like new ways of doing things, and technology is difficult to replace. Even reaching agreement on what to change can be problematic.

In recent decades, a whole industry has grown up around the implementation of change, particularly when involving technology. Change managers and management consultants now specialise in making organisations do things differently, whether through technology, people, or processes. Methodologies — agile, Prince II, and waterfall — abound. This is a much ignored, but vital, skill set that receives almost no airtime in the public-policy debate. And yet, it is the determinant of whether companies or government can actually get things done. For raising productivity, for remaining competitive, and for maximising efficiency, change management is perhaps one of the most important skills that individual organisations, and we as a country need to develop. And we have a long way to go.

Right now, across the public sector, tens of thousands of people are working on projects and change. These people are away from the front line, working on the basis that their output will, over time, pay for itself and more — by making their places of work more efficient, by improving how people are treated, and by saving money. If they have the right skills, if their projects are set up properly, and if they are supported to achieve their objectives, then they usually will succeed. If not, they will fail — and burn money, time, and energy in the process.

At a theoretical level, delivery and implementation requires four major things:

- **Clear objectives and sound set-up:** the delivery of something new (or the transformation of existing processes) will only work when scope is clearly articulated at the outset, when sponsorship is clear, when projects have a sense of direction — and when there is an imperative to get something done. If you aren’t clear on what you are delivering, then there is little chance you will manage it;
- **Adequate skills:** project delivery is complicated and messy at the best of times, and requires a nuanced and complex skill set. A combination of management, problem solving, the ability to plan, attention to detail, and strategic thinking is required to maximise the chance of success. Methodologies abound, but the ability to apply them in a common-sense way is limited and sought
after. If you don’t know how to deliver something, it won’t happen simply by crossing your fingers and hoping for the best;

- **The ability to work with others**: being able to structure contracts, statements of work, and mandates with other parties (whether private or public) is vital to ensuring successful project delivery. There is real skill in contract set-up and management, which, if done badly, goes wrong quickly. In a world in which, increasingly, you can’t do things on your own, if you don’t know how to work with others then your ultimate objective cannot be realised, and;

- **Accountability and responsibility for both success and failure**: projects only work if there is an imperative and will to do them, and someone to be held to account for this — in terms of annual reviews, bonuses, future prospects, and, ultimately, careers. The buck has to stop somewhere, and it must be meaningful when it does.

Project delivery is hard.¹ In the private sector, this is partially mitigated through the involvement of external consultants, and by paying significant sums to those who do it well. The Government has certainly upped its game since 2010, driven firstly by Francis Maude and then more recently carried on through the Cabinet Office initiatives led by his successors. Progress was demonstrated by the creation of the Infrastructure and Projects Authority, the welcome hiring of private-sector executives like John Manzoni and Gareth Rhys Williams, and the attempt to standardise project delivery through the creation of functional standards. Yet, more fundamental reform is needed to tackle endemic project failure. If the public sector is going to improve on its project management and delivery skills further, then large swathes of government outside of the Cabinet Office must not be happy to accept that projects will deliver when they deliver, at a cost largely reached serendipitously.

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¹ For a previous examination of governmental project failures, see, for instance, David Myddelton, *They Meant Well: Government Project Disasters* [London: IEA, 2007].
The Cost To Us All

In the past few years alone, the National Audit Office (NAO) has reviewed nine projects with cost overruns of £7.6 billion and combined delays of over a third of a century. These are critical, often high-profile initiatives, which have failed — or are failing right now — through the usual combination of over-promising, failing to get to grips with the fundamentals, and poor set-up.

These nine projects are a fascinating insight into project failure in the Government today. They cross departments, complexities, and type. Some are technology-based, others infrastructure. And the same problems crop up time and time again in the reports.

Technology appears to be a particular issue. The £6 billion Home Office-led replacement of the communications system used by the emergency services (which is now heading towards £10 billion, and is more than two years late) is still, even now, dependent upon IT which ‘is not yet proven in real world conditions’. The catastrophic modernisation of the Disclosure and Barring Service (DBS), which checks the credentials of those working with children and vulnerable adults, has meant the only part ‘modernised’ actually saw productivity fall. And, in the first week after the new National Security Vetting system was launched, ‘10 out of 13 essential functions [...] did not work properly’.

Project set-up and control is another area of repeated failure. Both the Home Office and its major contractor have now accepted that they embarked on the DBS modernisation in 2012, ‘without anyone having a clear understanding of what it would take to make the programme successful’. Crossrail’s attitude to costs was labelled as ‘unacceptably laissez-faire’ just as another almost £3 billion was shovelled into the project to stop it collapsing. The Nuclear Decommissioning Authority was criticised for failing to identify ‘the lessons from project cancellations and past mistakes,’ and then, largely, it repeated them in its next project iterations.

Then there are areas to highlight which are of real concern. It’s abundantly clear that the DBS modernisation hasn’t delivered its original objectives, but, even for those that it has, the Home Office is unable to demonstrate benefits because they were neither updated nor are being tracked. That part of the DBS that has been modernised undershot its usage targets by two-thirds, because it was introduced ‘without a sound idea of demand or whether customers would use it’. Nearly ten years after the Emergency Services Network

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3 Public Accounts Select Committee hearing, 11 March 2019, Q95-102.
7 https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/1375/137505.htm
9 Ibid., p.6.
project was begun, no civil servant can confirm who will actually have the final sign-off on its implementation.\textsuperscript{10} Regarding Crossrail, the Public Accounts Committee was even more damning: after a National Audit Office review, official report, and select-committee hearing, the committee slammed the Department for Transport and Crossrail Limited for being ‘unable to fully explain how the programme has been allowed to unravel,’ with ‘key warning signs [...] missed or ignored,’ and the Department failing to ensure that ‘the governance arrangements it had put in place were robust’\textsuperscript{11}

These projects are costly, difficult, and challenging — even for the most capable of project managers and implementation structures. The scale of the failures, which are systemic in places, demonstrate a real, fundamental problem at the heart of major project delivery. Even an incremental improvement could save billions for the Exchequer and see delivery times hugely improved.

\textsuperscript{10} Public Accounts Select Committee hearing, 22 May 2019, Q169-177.
### Table 1: Projects’ additional cost and additional time

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Department</th>
<th>Additional cost&lt;sup&gt;12&lt;/sup&gt;</th>
<th>Additional time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Services Network</td>
<td>Procurement and delivery of a new communications systems for the emergency services</td>
<td>Home Office</td>
<td>£3.1 billion</td>
<td>48 months</td>
</tr>
<tr>
<td>Crossrail</td>
<td>Delivery of new railway in London</td>
<td>Department for Transport</td>
<td>£2.8 billion</td>
<td>22 months +</td>
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<tr>
<td>Sellafield</td>
<td>Nine major projects currently under construction / recently completed at Sellafield</td>
<td>Nuclear Decommissioning Authority / Department for Business</td>
<td>£913 million</td>
<td>165 months</td>
</tr>
<tr>
<td>Thameslink (Phase II)</td>
<td>Station infrastructure works at London Bridge and signalling works in central London</td>
<td>Department for Transport</td>
<td>£474 million</td>
<td>-</td>
</tr>
<tr>
<td>Disclosure and Barring Service</td>
<td>Modernisation of legacy IT platform and introduction of new services / products</td>
<td>Home Office</td>
<td>£229 million +</td>
<td>46 months +</td>
</tr>
<tr>
<td>Sheffield to Rotherham Train Tram Project</td>
<td>Pilot project for a new tram-train between Sheffield and Rotherham</td>
<td>Department for Transport / Network Rail</td>
<td>£60 million</td>
<td>34 months</td>
</tr>
<tr>
<td>Eastenders set renewal</td>
<td>Construction of a new set for Eastenders at Elstree Studios</td>
<td>BBC</td>
<td>£27 million</td>
<td>31 months</td>
</tr>
<tr>
<td>Army Recruitment</td>
<td>Capita-led reform of the approach to army recruitment</td>
<td>Ministry of Defence</td>
<td>-</td>
<td>52 months</td>
</tr>
<tr>
<td>National Security Vetting</td>
<td>Merging two security vetting organisations and creation of new IT system</td>
<td>Ministry of Defence</td>
<td>-</td>
<td>15 months</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>£7.6 billion</strong></td>
<td><strong>34 years</strong></td>
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<sup>12</sup> Additional costs are budget changes (overruns, additional approvals) or additional spends over the initial / original / agreed cost.
The Impact

The impact of project failures manifests itself in three main ways: costs, timelines, and benefits.

Costs
Just looking at the nine projects identified by the NAO, £7.6 billion pounds of over-spends, over-runs, or cost increases is a massive amount of money to lose in just a few years. The £229 million additional spend on Disclosure and Barring would, on its own, train and pay the first year’s salary of 5,000 additional police officers. The much-vaunted Northern Powerhouse Rail project, vital for the connectivity of the North, could be funded for the first three years of its existence simply from the cost overruns in Table 1.13

Additional losses to compound those already identified are probable. At least two of these nine projects are likely to over-spend further in the coming year, and many projects delivered by government — local or national — are not audited by the NAO, making it difficult to estimate the full extent of the losses.

Of course, fully eliminating waste and over-spend is, however desirable, unlikely; projects will always be delivered imperfectly. But even a 50 per cent reduction in long-term overspends would see a substantial amount of headroom established for tax cuts, including, for example, a penny taken off corporation tax for a full year. Deficit spending could be further reduced on an ongoing basis. And, depending upon the choices being made, additional funding could be made for the recruitment, training, and pay of thousands of public-sector workers across the police, schools, or hospitals. In a national political narrative dominated by an insistence that government should do ‘more’, the easiest way to obtain additional cash should be that government works more effectively in the first place.

Timelines
Delays, by their very nature, slow down the ability of a government to do things better, and concern should be as focused on slowness in delivery as much as on cost. Crossrail should be working by now, yet stations stand empty, and trains glide past without passengers, still in training mode. The centre of a capital city, which was inconvenienced for the best part of a decade in the race to get the project completed on time, still fails to see the benefit of it. Additional connections to the east and west of London have not been made. And, most galling, we are still without a fully-defined delivery date.

Delays also drain focus and energy. Crossrail is currently in the midst of re-hiring hundreds of assurance staff to help complete the project, having let go most of that same department last year. The Emergency Services Network consumes vast amounts of the time and capacity of the civil service, whilst end-users remain unsure

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13 Estimated cost of £2.3 billion a year; http://www.railtechnologymagazine.com/Rail-News/tfn-reveals-northern-powerhouse-rail-plans-in-70bn-strategy
what will be delivered. Delay creates a vacuum. And this vacuum has been filled with anxiety and the perception that the final services may not be as effective, usable, or helpful as originally intended — when they eventually are delivered.

Benefits

In addition, poor delivery doesn’t just create a temporary problem during the lifetime of the project, it also leaves an enduring legacy by failing to provide what was intended. The modernisation of the Disclosure and Barring Service (DBS), for example, was supposed to transform the organisation completely. To date, it has delivered less than half of what was promised. For the part that was delivered, the system did not work as expected, and so the process of issuing certificates has become significantly less productive, requiring additional staff. At the same time, the fact that the DBS has only partially moved on to new IT means that the organisation is managing multiple IT platforms, with all the additional costs and inconvenience that entails.

The same is true on an even bigger scale for Crossrail. Transport for London (TfL) had budgeted and planned on the railway going into service in 2019. Its future budgets and projections were built on that principle. And what is the cost of the delay? Not just £2.8 billion to cover cost increases and finish the construction of the railway. There’s also a further £600 million in lost fares for TfL, which will mean additional problems for balancing the day-to-day books of transport in London.14

14 House of Commons Committee of Public Accounts, Crossrail: Progress Review (2019), p.6:
The Solutions

Project delivery and implementation will never be perfect. The process of changing things means that new and unanticipated challenges will appear. Project management experts learn to expect the unexpected. Yet, part of the job is both structuring a project well at the beginning (and trying to uncover or anticipate as much of the unexpected as possible), including appropriate contingency planning to support flexibility in the later stages. The unexpected might happen — but good project management can accommodate it.

The public sector needs to adopt a target of reducing project over-spends and delays by half in the medium term. Particular attention needs to be paid to the large-scale projects that career off course at short notice, or towards the end, and which often cost the largest amounts to fix. Internally, it would have been clear long before July 2018 that Crossrail had serious problems, had the right questions been asked. Given the complexity of the programme, the failure of the management team to put in place an effective integration approach is evident. Established assurance and challenge methods should have picked that up. The permanent secretary at the Department of Transport has said on the record that they knew that Crossrail probably wouldn’t be delivered on time, ‘before the company reached that conclusion itself’, but, rather than action that, they ‘needed the company to tell us and to advise us [...] because that was its job’. This is an extraordinary admission, which reveals potential structural problems in the civil service, meaning issues of this magnitude are not dealt in a timely manner.

This has to stop. Project management needs root-and-branch change across the public sector. It should begin with a five-stage programme of reform:

1) Direct, full accountability of project delivery by permanent secretaries

There is no single cause of project failure in the public sector, but there is, ultimately, a massive gap in accountability at the most senior levels of the civil service. Despite the increasing importance of project delivery for individual ministerial departments, there is little apparent link between successful delivery and the careers and ambitions of the permanent secretaries who are nominally responsible for them. Nor does there appear to be any strict requirement for permanent secretaries to have developed skill sets in change, or to have private-sector experience.

The role of a permanent secretary is currently seen as providing ‘support’ to the Government minister who is ultimately accountable to Parliament for the actions of their department. That ministerial accountability is entirely appropriate, yet it needs to be augmented by the clear, direct, and personal accountability of the permanent secretary for delivery within the department. Large-scale project failures at the level of the

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15 Public Accounts Select Committee hearing, 15 May 2019, Q188.
16 https://www.gov.uk/government/organisations/civil-service/about/our-governance
Emergency Services Network or Crossrail should be career ending. Repeated low-level failures should have an impact on the career trajectory of the civil servant, including the option to terminate one’s contract. And, given the relatively rapid turnover of posts in the senior civil service, civil servants should remain accountable for the decisions they have made, even if they have moved on in Whitehall.

2) Greater linking of remuneration to successful delivery
Explicit links should be made between successful project delivery and remuneration at senior levels of the civil service — including permanent secretaries, directors, and responsible owners. This is an established, and entirely conventional part of delivery in the private sector, and needs to be extended meaningfully to the public sector, beyond the usual superficial schemes already in operation. Performance-related pay places emphasis on outcomes, rather than process. Senior civil servants should be interested parties, not remote observers, over the projects which they oversee. Lessons must be learnt at the time of failure, not after the fact, during select committees.

3) Creation of a government delivery arm, headed by a chief operating officer
The Government should also explore a more radical solution for project delivery, which would take large-scale projects out of the hands of individual government departments, or the non-departmental public bodies (or limited companies) to which they spin them off avoiding direct responsibility.

One option would be the re-organisation of the Infrastructure and Projects Authority (IPA), with the introduction of a powerful centralised projects body, directly transferring activity and employees into a central structure, akin to a chief operating officer (COO) function in the private sector. This is an entirely conventional structure elsewhere; individual functions within a company (human resources, sales, branches) are not usually equipped with the skills or knowledge to deliver projects, and are left to focus on their day jobs. A centralised COO function, charged specifically with implementation, and headed by a single individual, should enable a greater consistency in project delivery, and efficiencies of scale in doing so.

At the same time, the accountability of individual permanent secretaries would remain paramount. It would be the job of a permanent secretary to set the project up appropriately, to sign off the design, to provide appropriate expertise to support the project, and to act as a responsible client. Yet, the COO role would have single responsibility for the portfolio of projects across Whitehall. The position would be modelled on the current COO role, but would have enhanced responsibility for delivery and implementation. This model of shared responsibility between a centralised function accountable for a basket of projects, and individual department or function heads with accountability for delivery in their area, is a standard and well-used one elsewhere. It should be replicated.

4) Creation of a new Parliamentary select committee to provide oversight for projects
Alongside raising the level of accountability for projects in the civil service, the same renewed focus should also be applied to Parliament. The framework of debate on project failures, their cost, and the attendant implications is lacking across both chambers. Great work is done in pockets, but this is usually squirreled away in select committees. The Public Accounts Committee also operates a packed schedule of oversight on a weekly basis, and has done great work led by Meg Hillier, yet runs at such high frequency that it can only do so much on topics which are interrogated for a few hours at each hearing.

A new select committee should be created specifically to review and explore projects on a weekly basis — and to monitor the Major Project Portfolio of key projects within the civil service. MPs do not seem to need incentives to highlight problems when things go wrong. They, too, should be challenged to move from being simply observers to having ‘skin in the game’. A monitoring committee, which provides feedback and challenge throughout the project lifecycle — rather than just when it has gone wrong — might encourage MPs to take greater interest in this lesser reviewed part of government.

5) Improving the skills base

Finally, further efforts should be made to broaden the skills base of the public sector in project set-up, management, implementation, and delivery. Clear effort has been made in recent years in this area — the creation of a project management functional standard in the public sector, the development of the IPA, and the development of technical and behavioural competencies in 2018 — yet further focus is required.

The private sector also struggles in this regard; good project managers are extremely difficult to find, and often expensive to retain. The skills required to be a good project manager are not taught adequately elsewhere, either: they are built up, painstakingly, over years in individual projects, learning from experience, and gaining the knowledge that can be applied elsewhere. A greater focus on outputs over methodology would be a good place to start.
Example 1: The Disclosure and Barring Service

Almost £250 million absorbed, for which the NHS and schools are now (silently) paying

The Service
As a non-departmental public body of the Home Office, the Disclosure and Barring Service (DBS) offers a checking service on potential employees who might come into contact with young children and vulnerable adults. Formed in 2012, through the merger of three agencies\(^\text{17}\) – a merger that was intended to make the processes more efficient — the organisation checks around five million people per year, on behalf of public, private, and charitable organisations. Over half of these checks are undertaken on behalf of the public sector.\(^\text{18}\)

The Problem
Since 2010, DBS, its predecessors, and the Home Office have been attempting to transform the way in which this service works. Different industries had different processes, and obtaining a certificate was seen as cumbersome, repetitive, and expensive. A programme was launched in 2010-2011 to:

- Develop a single operating model;
- Create a new service, which didn’t just provide a check at a single point in time, but allowed continuous updates, and;
- Replace the two inherited outsourcing contracts (with Capita and Logica) with a single provider (Tata), which would assist in the transformation.\(^\text{19}\)

The overall objective of this transformation was to reduce operating costs; reduce the amount charged to customers; introduce a new, and more proportionate, service for customers (the continuous update service); and improve public protection. This was due to be delivered by March 2014.\(^\text{20}\)

The Result
In 2018, three and a half years after the modernisation programme was supposed to have delivered, the National Audit Office reported that the programme:

- Had failed to deliver the majority of the original plans — and was unlikely to be completed by the time the Tata contract ended;
- Had launched a new update service before exploring with the users whether they wanted it — resulting in only a third of the original usage projections being realised;

\(^{18}\) \textit{Ibid.}, 54 per cent, p.14.
\(^{19}\) \textit{Ibid.}, p.9.
\(^{20}\) \textit{Ibid.}, p.8.
• Had caused overall operating costs to rise rather than fall — up by 35 per cent, to nearly £900 million;
• Had failed to reduce the amount charged to users — not least because the new update service lost £9 for every sale. The failure to reduce the charge has meant that the cost overruns in the project have been, in effect, cross-subsidised by other parts of the public sector (which are paying for the service) to plug the cost gap, and;
• Had agreed a payment of £8 million to Tata to compensate for agreed delays (with a dispute still ongoing, which could see further payments made). 21

In March 2019, the Home Office confirmed that the modernisation programme was being abandoned, only one-third of the way to completion, because of concerns about the architectural design of the technology, and because there had been a significant reduction in productivity in the modernised services. At the same time, the contract with Tata was partially ended.

The Future
Seven years after its modernisation was first announced, the majority of the DBS remains unchanged and running on technology that is nearly twenty years old. 22 Almost a quarter of a billion pounds more than expected has been required to deliver a service that fewer people than expected actually wanted, which runs slower than anticipated, and which needs more people to support its operation. The Home Office is currently tendering for a new partner for the ‘path into the future’. 23 The head of the DBS confirmed in March 2019 that ‘we have not decided where we are going to go next’ after the cancellation of the Tata contract. 24 In 2017, the previous permanent secretary, present during much of the period of difficulty, was promoted to be head of the Civil Service.

22 Ibid., Q145.
23 Ibid., Q123.
Example 2: The Emergency Services Network

A project heading towards £10 billion, which the users may not actually want in the end

The Service
People working in the police, fire, and other emergency services need to talk to each other hundreds of thousands of times every day. To enable this, 470 public bodies communicate via Airwave — a walkie-talkie system, which has almost universal coverage across the UK, and instantly connects those on the front line to call centres and other services.

The service, which was launched in 2000, is funded by four different parts of government, and is ultimately owned by Motorola. The Home Office has taken the lead on procuring a new system.

The Problem
Airwave is generally perceived to work well, and greatly assists the work done by the emergency services on the front line. As the years have gone by, however, the age of the service has increasingly been obvious — not least in its limited mobile-data capability, and its inability to send videos or photos.

The Airwave contract was originally for 20 years and, recognising that it would take some time to deliver a new system, the Home Office launched a project in 2011 — the Emergency Services Network (ESN) — to replace it. Three objectives were set:

• Fully replace Airwave, matching it in all respects for the users;
• Find a way to use high-speed mobile data properly, and;
• Cost less than Airwave.  

Three contracts for the ESN were let in 2015, with a scheduled delivery between September 2017 and the end of 2019. It was then intended that Airwave would be phased out in time for its contract ending in 2020. The core replacement cost was set at £6 billion.

The Result
By now, the summer of 2019, the vast majority of police, fire, and rescue services should have transitioned on to the new system. To date, none have, and none are due to do so for almost a year. Instead, the project has massively blown its budget, and is mired in technical challenges. The most recent NAO report highlighted:

• At least a 49 per cent increase in costs to £9.3 billion, with the potential to rise further;

• A delay of at least two and a half years, meaning the final handsets will not be rolled out until the end of 2022;
• Within that delayed timeline, a squeezing of the period in which the handsets are rolled out to users (originally 42 months, but now down to 27 months), adding risk to the end of the project;\textsuperscript{26}
• Key elements of the technology central to the success of the ESN still unproven or unavailable;
• A lack of clear adoption criteria developed for when the ESN is ready (or clarity about who will have the final say over whether it should be used) — which could mean that users refuse to take it;
• No plan for who will take responsibility for the ESN, and which department or body supports it, when it is finally released, and;
• The original productivity benefits promised by the ESN unchecked for a number of years — meaning that the efficiencies promised may not be realised.\textsuperscript{27}

The Output
Nine years after the project was first proposed, and just a few months before the original contract was due to end, the ESN remains a long way even from its start. Over nine billion pounds will now be needed to get the initiative ‘over the line’, with a long list of potential pitfalls, further overruns, and technology problems still to navigate. A hard delivery date of December 2022 looms, which, if missed, will likely mean further costs of hundreds of millions of pounds. And yet, in 2017, the permanent secretary at the Home Office during much of the early part of the project was promoted to being head of the Civil Service.

\textsuperscript{26} Ibid., p.17.
\textsuperscript{27} Ibid., p.9.