

MONTHLY MONITOR



March 2019

SUMMARY

- + APM and the Institute for Government (IfG)
- + Infrastructure Commission for Scotland
- + Sustainable procurement: A vision for UK infrastructure
- + Outsourcing decisions and contracting outside suppliers for the delivery of public services
- + Reports, publications, and events across Westminster and Whitehall
- + Reports and publications – professional bodies/think-tanks/other
- + Reports, publications, and activity from the world of project management
- + APM forthcoming

- **Stella Creasy**, MP for Walthamstow and former deputy director of Involve;
- **Ben Page**, chief executive of *Ipsos MORI*; and
- **Debbie Dore**, chief executive, APM

A video of the event has been posted on Youtube, accessible [here](#).

Infrastructure Commission for Scotland:

- The **Scottish government** this month completed the establishment of a new [Infrastructure Commission for Scotland](#) which aims to develop a 30-year strategy in order to advise on improvements across key infrastructure areas such as transport, energy, water, broadband and telecoms. The final members of this commission – which is to be chaired by Ian Russell CBE – have now been appointed and will seek to provide “independent, informed advice on the vision, ambition and priorities for infrastructure”. The newly appointed commissioners are:

- Ian Russell CBE (chair);
- Professor Iain Docherty (University of Glasgow);
- Ken Gillespie (Homes for Scotland);
- Benny Higgins (commissioner);
- Mary Pitcaithly OBE (Scottish Police Authority);
- Rachel Skinner (UK head of transport, WSP);
- Grahame Smith (general secretary, TUC);
- Sara Thiam (director, ICE Scotland);
- John Trower (Optimity); and
- Professor Janette Webb (University of Edinburgh).

Initially the ICS will focus on the development of the Scottish government’s next **Infrastructure Investment Plan (IIP)** to run until **2023**, although it will also look toward building a broader strategy for the next 30 years. Apparently its first report on infrastructure ambitions and priorities is expected to be published by the **end of 2019**, which should include some interim recommendations to support the evolution of a “*coherent*” plan.

APM and the Institute for Government (IfG):

- As part of APM’s ongoing collaboration with leading think-tank the **Institute for Government (IfG)**, this month we participated in an event entitled [How to engage the public in decisions on infrastructure](#) at the IfG on 13 February. The event considered how engagement could be done differently – drawing on examples from overseas and innovations in other sectors in the UK. Discussion explored how the government could improve the way it involves the public in decisions on infrastructure. The panel included:

- **Philip Graham**, chief executive of the National Infrastructure Commission;
- **Sir Andrew Dillon**, chief executive of the National Institute for Health and Care Excellence;

Sustainable procurement: A vision for UK infrastructure:

- The **Infrastructure Forum** published [research](#) – entitled *Sustainable procurement: A vision for UK infrastructure* – showing that less than eight per cent of the 276 projects included in the *Infrastructure and Project Authority's national infrastructure and construction pipeline* were sufficiently certain for contractors to invest to deliver them. The research also warned that “lack of visibility of public sector projects” was “driving many of the unsustainable behaviours” that led to the collapse of major government outsourcer Carillion and has left other major contractors in a fragile state. The report calls on HM Treasury to overhaul the whole project reporting system to set up a more certain pledged project list. Key recommendations set out by the Infrastructure Forum report:
 - **HM Treasury** should issue a *pledged project list*, capturing only projects approved for delivery that will be procured in the short to medium term;
 - the IPA should develop a *contract footprint framework* mapping all projects valued over £30m which have begun procurement and are under construction, acting as an early warning system on risk exposure to a contractor if they fall into financial difficulty;
 - both the public and private sectors must adopt a definition of ‘value for money’ that captures the wide range of factors that contribute to delivering social value;
 - the cost of bidding for work must be reduced. Two-stage procurement frameworks offer an efficient tool to build partnerships between clients and contractors and should be used more widely;
 - all government departments should accept proposals from the private sector for innovative projects and reimburse the proposer if adopted; and
 - the Cabinet Office should set up a mobile *procurement team* to support procurement in the public sector and develop expertise with departments.

Outsourcing decisions and contracting outside suppliers for the delivery of public services:

- **David Lidington MP, minister for the Cabinet Office** made a [statement](#) outlining a series of key new policies for making outsourcing decisions and contracting outside suppliers for the delivery of public services. Among the key announcements are as follows:
 - **publication of commercial pipelines** – there is a new expectation that all central government departments will publish their commercial pipelines. This change will help suppliers to understand the government’s long term demand for services and prepare themselves to respond to contract opportunities;

- **market health and capability assessments** – all outsourcing projects will conduct an assessment of the health and capability of the market early on during the preparation and planning stage. This will enable project teams to identify potential limitations in the market and consider whether actions such as contract disaggregation could increase competition and improve market health;
- **project validation reviews (PVR)** – previously only government major projects required a PVR assurance review. Now all complex outsourcing projects will be required to go through this important ‘policy to delivery’ gateway. This brings together the full weight of cross government expertise at the early stages of the project to help assure deliverability, affordability and value for money;
- **make versus buy assessment** – central government departments will be required to conduct a thorough make vs buy assessment before deciding to outsource a service. This is expected to lead to more informed decisions as to when it is best to deliver public services ourselves and when there is benefit to drawing on the capacity and know-how of the private sector;
- **should-cost modelling** – all complex outsourcing projects will produce a ‘should cost model’ as part of the make or buy decision process and will provide a better understanding of the costs associated with different service delivery models and help to protect government from ‘low bid bias’;
- **requirement for pilots** – where a service is being outsourced for the first time, there is now a presumption that a pilot should be run. Piloting a service delivery model is the best way to understand the environment, constraints, requirements, risks and opportunities. Pilots also provide a wealth of quality data and can help inform the drafting of technical specifications;
- **key performance indicators (KPIs)** – it is important that all new outsourcing projects include performance measures that are relevant and proportionate to the size and complexity of the contract. In line with the cross government transparency agenda, three KPIs from every new outsourcing contract will be made publicly available. Getting this right will form the foundation of smarter contracts that are designed to incentivise delivery of the things that matter and provide clarity to the public about how the service is working for them;
- **risk allocation** – proposals for risk allocation will be subject to greater consideration and scrutiny to ensure they have been informed by genuine and meaningful market engagement. Inappropriate risk allocation has been a perennial concern of suppliers looking to do business with government and a more considered approach will make us a more attractive client to do business with;
- **pricing and payment mechanisms** – the pricing and payment mechanism that goes hand in hand with risk allocation will similarly be subject to greater consideration and scrutiny to ensure it incentivises the desired behaviours or outcomes. This change is fundamental to making the outsourcing sector a thriving and dynamic market that is sustainable in the long term;

- **assessing the economic and financial standing of suppliers** – all outsourcing projects will comply with a minimum standard when assessing the risk of a supplier going out of business during the life of a contract. Consistently applying a minimum standard of testing will provide a better understanding of financial risk and leave us better able to safeguard the delivery of public services;
- **resolution planning** – there is now a requirement for suppliers of critical public service contracts to provide resolution planning information. Although major insolvencies are infrequent, this change will help to ensure government is prepared for any risk to the continuity of critical public services posed by the insolvency of critical suppliers.

Reports, publications, and events across Westminster and Whitehall:

- The **BEIS committee** announced the [launch of an inquiry](#) to examine the outlook for future investment in energy infrastructure in the UK. The committee will be looking at whether the government needs a new approach to bring forward investment to deliver a low carbon, low cost energy system and secure energy supplies for the long term. This inquiry has been launched in the wake of recent decisions by Hitachi and Toshiba to halt new nuclear projects at Wylfa and Moorside and concerns over how the UK's 'nuclear gap' for low carbon electricity can be filled. The inquiry will "examine the challenges to raising finance in clean energy technologies such as renewables and storage." It is also likely to look at the potential future financing of nuclear power, and concerns around foreign investors in this technology.
 - **Communities secretary Rt. Hon James Brokenshire MP** confirmed the [funding package](#) for local authorities 2019 to 2020. The plans indicate that local authorities' core spending power will rise in 2019 to 2020 by £1.3bn – taking councils' funding to £46.4bn.
 - The **House of Commons Scottish affairs committee** published a [report](#) on the future of Scotland's oil and gas industry.
 - The **joint committee on the national security strategy** published [correspondence](#) following the [enquiry into cyber skills and critical national infrastructure](#)
 - **HS2 minister Nusrat Ghani MP** [announced](#) the teams that will be awarded contracts to deliver the project's London terminus and its west London super-hub at Old Oak Common. It is anticipated that the deals could support up to 4,000 jobs across the UK. The announcement came a day after the release of the [latest design images](#) for Old Oak Common, where HS2 meets London's Crossrail line.
 - **Future of mobility minister Jesse Norman MP** and **automotive minister Richard Harrington MP** [announced](#) that a process is being developed to support the advanced trials of automated vehicles. Advanced trials will not be supported unless they have passed rigorous safety assessments. In response to feedback from industry, the government also announced that its world leading [code of practice](#) for testing automated vehicles will be strengthened further to set even clearer expectations for safe and responsible trials. The government is [seeking views](#) on the code of practice, with the consultation closing on 6 May 2019.
 - **Housing minister Kit Malthouse MP** made an [announcement](#) on funding for the construction of homes in London.
 - The **House of Commons public accounts committee** published its [report](#) on improving government planning and spending.
 - The **House of Commons public accounts committee** also published its [report](#) on local government spending.
 - The **House of Lords home affairs sub-committee** published a [report](#) on the ongoing uncertainty over future participation in Erasmus and Horizon programmes.
 - The **House of Commons housing, communities and local government committee** published its [report](#) on high streets and town centres in 2030.
 - The **House of Commons digital, media and sport committee** published its [final report](#) on disinformation and fake news.
 - **Jesse Norman MP, minister of state for the department for transport**, delivered a [speech](#) at the smart transport conference discussing the future connected challenges of transport plus environmentally focused schemes.
 - The **secretary of state for transport Chris Grayling MP** announced the publication of its [Investing in the South West](#) report detailing how the Department for Transport plans to invest in connectivity in the South West. Among the announcements on *rail*, the report details:
 - £360m for a fleet of brand new intercity express trains to the region;
 - continuing the programme of work to deliver the future resilience of Dawlish and the Western rail route;
 - up to £80m available to build a brand new, more resilient sea wall at Dawlish;
 - more frequent services – doubling the number of trains each hour between London and Bristol Temple Meads and London and Gloucester / Cheltenham; and
 - ongoing investment to develop and implement resilience improvements at Dawlish and on the Western rail route.
- Among the announcements on *roads*, the report details:
- £1.6bn to upgrade the A303 at Stonehenge;
 - a new motorway junction on the M49 to facilitate economic growth – which will be fully completed by the end of 2019;

- new high-quality dual carriageway connections from Taunton to the M3;
- £5m through the *national productivity investment fund* (NPIF) for capacity and safety improvements to the A350 near Melksham and Mead Way in Swindon; and
- £17.5m of improvements will be delivered in Devon through the NPIF. This includes the Exeter Eastern Growth and Sherford Main Street schemes in Devon, and the Forder Valley Interchange and Morlaix Drive Access Improvement and bus priority schemes in Plymouth.

Among the announcements on **connectivity**, the report details:

- £103m through the £2.5bn transforming cities fund to transform connectivity within the West of England city region.
- The **West of England combined authority** [joint local transport plan](#) which has involved DfT, Highways England, Network Rail and other public transport operators. The plan has gone out to consultation – running from 6 February through to 20 March 2019. Responses are invited on views about the vision for the future of travel and transport across the West of England up to 2036. The plan aims to:
 - support sustainable economic growth;
 - enable quality public services and improve accessibility;
 - address poor air quality and take action against climate change;
 - contribute to better health and wellbeing, safety and security; and
 - create better places.
- The **Cabinet Office** announced a [new funding framework](#) to “allow construction firms, small and large, the chance to bid for work on government projects” over the next seven years. The Construction Works and Associated Services commercial agreement “will assist central government and the wider public sector with projects focused on the construction, refurbishment, repair, demolition or decommission of public buildings across the UK.”

Reports and publications – professional bodies/think-tanks/other:

- OfGem, the **Office of Gas and Electricity Markets** [announced](#) an energy price cap increase. The price cap for customers on default (including standard variable) tariffs, introduced on 1 January 2019, will increase by £117 to £1,254 per year, from 1 April for the six-month ‘summer’ price cap period. The price cap for pre-payment meter customers will increase by £106 to £1,242 per year for the same period.
- **UK Export Finance (UKEF)** announced that it is supporting Darlington-based firm Cleveland Bridge to construct 250 bridges for rural Sri Lankan communities.

- The **National Audit Office (NAO)** published its [report](#) on planning for new homes assessing how effectively the Ministry of Housing, Communities and Local Government supports the planning regime “to provide the right homes in the right places.”
- The **NAO** also published a [report](#) on apprenticeships.
- The **Police Federation of England and Wales** has published the findings from its [demand, capacity and welfare survey](#) (December 2018) with 89.8 per cent of respondents indicating that they generally don’t have enough officers to manage the demands faced by their team or unit; a larger proportion than in the 2016 Demand, Capacity and Welfare Survey.
- The **Liverpool City Region Combined Authority** has approved its budget and mayoral priorities for 2019/20. The agreed budget includes provision for:
 - a £1 Fast Tag for city region residents and a freeze in the Mersey tunnel cash toll for all users;
 - investment in digital infrastructure to ensure that everyone benefits from the fastest broadband speeds in the UK;
 - using new mayoral powers to ensure that bus services in the city region work for the benefit of bus users and the wider economy.
 - continuing the procurement of a new generation of Mersey Ferries;
 - building a new smart ticketing system that will build upon, and eventually replace, the current Walrus platform;
 - the development of a mayoral transport plan that will seek to ease congestion, improve air quality and increase connectivity;
 - the introduction of an apprenticeship portal to make it easier for those seeking apprenticeships to access opportunities;
 - continuing work to oversee the potential creation of a sustainable energy solution that harnesses the power of the River Mersey;
 - taking forward the development of the *Liverpool City region spatial framework*; and
 - It is expected that up to another £1bn in additional funding will be secured over the next five years because of devolution.
- The **Greater Manchester** [Independent Prosperity Review](#) has been published. The review was established to undertake a detailed and rigorous assessment of the current state, and future potential, of Greater Manchester’s economy. Ten years on from the path-breaking [Manchester independent economic review \(MIER\)](#), it provides a fresh understanding of what needs to be done to improve productivity and drive prosperity across the city-region. This report puts together findings from the comprehensive evidence review, devolution progress report (and the call for evidence) as well as the international comparative analysis undertaken in collaboration with the Organisation for European Cooperation and Development (OECD) and European Commission.

- The **Centre for London** published its report [London, UK: Strengthening ties between capital and country](#).
- The **Energy and Climate Intelligence Unit** published a report [How owners of new homes are paying over the odds for energy](#) on the consequences of scrapping the zero carbon homes policy.
- The **Institute for Fiscal Studies (IFS)** published a report on the outlook for the 2019 Spending Review. Among the key findings are that:
 - The chancellor's decisions will follow almost a decade of spending cuts. On a like-for-like basis, departmental spending is more than £40bn lower in 2018–19 than in 2009–10 and has fallen to a share of national income last seen in 2000–01. At 38.2 per cent of national income, total government spending is roughly where it was in 2006–07.
 - Some areas of spending have been squeezed much harder than others. For instance, while the *Department for International Development* enjoyed a 25 per cent increase in its day-to-day budget between 2010–11 and 2019–20 (the final year of the last Spending Review), the *Ministry of Justice* and *Department for Environment, Food and Rural Affairs* have each seen a reduction of around 40 per cent.
 - Borrowing is now back to pre-crisis levels. Debt, however, is 50 per cent of national income higher than it was a decade ago and is set to fall only slowly over the next few years.
 - The government has already committed an extra £20.5bn to the NHS by 2023–24. Given other existing commitments on defence and aid, the path for over half of day-to-day public service spending (£156bn in 2018–19) has already been largely decided.
 - Before setting individual departmental budgets, the chancellor needs to decide how much to spend in total. Due to pre-existing commitments, the overall size of the 'spending envelope' will determine how tight settlements will be for 'unprotected' areas. The latest provisional totals imply an increase in overall day-to-day spending, but cuts to areas outside of the NHS, defence and overseas aid.
 - Over the four years from 2019–20 to 2023–24, the chancellor would need to find an extra £2.2bn to avoid real cuts to 'unprotected' spending overall. He would need to find an additional £5bn to avoid this spending falling in per-capita terms and £11bn to avoid it falling as a share of national income.
 - A disorderly Brexit would be likely to lead to lower economic growth in the short and long run but may not mean less money available at this *Spending Review*. This would eventually require lower spending, or higher taxes, than would otherwise have been the case. But a fiscal tightening would not need to happen immediately and there could be a case for more spending over the next few years, not least to assist with border issues and to mitigate the impacts for the worst-hit sectors or areas.
- **Localis** published a report [A modern infrastructure strategy – cleaner air through better infrastructure](#). Among the policy recommendations to central government within the report are that:
 - in the forthcoming *Spending Review*, government should announce cleaner air as a main objective of infrastructure spend;
 - in its final clean air strategy, government should place greater emphasis on strategic authorities; and
 - the **Infrastructure and Projections Authority** should work with strategic authorities to identify pipelines of schemes, signalling to private investors market projects which are appropriate for private finance or public-private.

Among the policy recommendations to *strategic authorities* within the report are that:

 - each strategic authority should make cleaner air a strategic aim of their infrastructure strategy;
 - as part of their infrastructure strategy, each strategic authority should identify their local infrastructure gap; and
 - each strategic authority should review funding and financing options for the delivery of better infrastructure in their area. This should include private financing, local taxation and government funding.
- The **Construction Industry Training Board (CITB)** published its [report](#) on the construction skills network.
- **Universities UK** published its [report](#) on the independent review of the future of the *teaching excellence framework*.
- The **Centre for the Study of Financial Innovation** published its [report](#) on housing and finance for an ageing society.
- The **Royal United Services Institute** published a briefing paper [No deal, no data? The future of UK-EU law enforcement information sharing on UK-EU security relations post-Brexit](#).
- **Which?** published [research](#) on air travel in the event of a no-deal Brexit.

Reports, publications, events and activity from the world of project management:

- **IPMA's** research awards are open for entries until 20 May 2019. [Click here](#) for further information.
- **IPMA Young Project Manager of the Year** award open for entries. [Click here](#) for more.
- The next *MPA Knowledge Hub* live event will be on the *challenge of decommissioning* [click here](#) for more information.
- Registration is now open for the **British Academy of Management (BAM)** conference 2019. Sign up [here](#).

APM events/research and policy outputs:

- APM's latest report *Project management for large complex projects: an expert report by Professor Andrew Davies (UCL)* is now available. [Click here](#) for a blog on the report.
- New APM research summaries were published in this period across a range of topics including: *Learning best project management practice from history: Florence Duomo project (1420–1436)* and *Organisational design for managing multiple project*.
- APM project management conference Edinburgh is taking place this month. [Click here](#) for more.
- APM was quoted in the *Financial Times*. [Click here](#) for more information.

APM forthcoming:

- APM's research on the *Contribution of projects and project management to the UK economy* will be launched on the 10 April 2019.
- Have you booked your place at the APM conference, London in May 2019? [Click here](#) for full details.
- Results of APM's *Salary Survey* are due to be published in the next few weeks.