



Northern Ireland
Assembly

Public Accounts Committee

Report on Major Capital Projects: Follow-up Report

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Report: NIA 78/22-27 Public Accounts Committee

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Powers and Membership

Powers

The Public Accounts Committee is a Standing Committee established in accordance with Standing Orders under Section 60(3) of the Northern Ireland Act 1998. It is the statutory function of the Public Accounts Committee to consider the accounts, and reports on accounts laid before the Assembly.

The Public Accounts Committee is appointed under Assembly Standing Order No. 56 of the Standing Orders for the Northern Ireland Assembly. It has the power to send for persons, papers and records and to report from time to time. Neither the Chairperson nor Deputy Chairperson of the Committee shall be a member of the same political party as the Minister of Finance or of any junior minister appointed to the Department of Finance.

Membership

The Committee has 9 members, including a Chairperson and Deputy Chairperson, and a quorum of five members. The membership of the Committee is as follows:

- Mr Daniel McCrossan MLA (Chairperson)
- Ms Cheryl Brownlee MLA (Deputy Chairperson)
- Mr Cathal Boylan MLA
- Mr Tom Buchanan MLA
- Mr Pádraig Delargy MLA
- Ms Diane Forsythe MLA
- Mr Colm Gildernew MLA
- Mr David Honeyford MLA
- Mr Colin Crawford MLA^{1,2}

¹With effect from 5 March 2024 Mr John Stewart replaced Mr Robbie Butler

²With effect from 21 October 2024 Mr Colin Crawford replaced Mr John Stewart

List of Abbreviations and Acronyms used in this Report

The Assembly:	The Northern Ireland Assembly
C&AG:	Comptroller and Auditor General
ALB:	Arms-Length Body
The Committee:	Public Accounts Committee (PAC)
CEF:	Construction Employers Federation
CoPEs:	Centre of Procurement Expertise
DoF:	Department of Finance
DoH:	Department of Health
DSO:	Departmental Solicitor's Office
The Executive:	the Northern Ireland Executive
FBC:	Full Business Case
HOCS:	Head of Civil Service
ISNI:	Investment Strategy Northern Ireland
NIAO:	Northern Ireland Audit Office
OBC:	Outline Business Case
SIB:	Strategic Investment Board Limited
SROs:	Senior Responsible Officers

Executive Summary

1. The Public Accounts Committee met on 3 October 2024 and 30 January 2025 to consider the Northern Ireland Audit Office's (NIAO) report "Major Capital Projects: Follow-up Report". The main witnesses were:
 - **Ms Jayne Brady**, Head of the Civil Service;
 - **Mr Neil Gibson**, Accounting Officer, Department of Finance;
 - **Mr Brett Hannam**, Chief Executive of the Strategic Investment Board;
 - **Ms Sharon Smyth**, Chief Executive, Construction and Procurement Delivery, Department of Finance;
 - **Mr Patrick Magee**, Non- Executive Member of the NICS Board and Chair of the ISNI Subcommittee (a sub-group of the NICS Board, set up to oversee the implementation of the Investment Strategy NI (ISNI));
 - **Ms Dorinnia Carville**, Northern Ireland Audit Office; and
 - **Mr Stuart Stevenson**, Department of Finance.
2. Following the first oral evidence session, the Committee sought written submissions from the Department of Health (DoH) relating to the progress made on the Maternity Hospital and the Department of Finance (DoF) in respect of several issues raised during its initial oral evidence session. The Committee felt that witnesses did not answer some questions "appropriately" and was disappointed with the timeliness and content of the DoF written evidence provided, as a result, the Committee called two witnesses back to provide further clarification.
3. In October 2020 the Committee's Report on Major Capital Projects made 15 recommendations aimed at: improving accountability for delivery of major capital projects; improving commissioning and delivery arrangements; and improving planning of major capital projects. The Committee was deeply concerned about the accountability mechanisms and the level of overspend. A

number of the Committee's recommendations have not progressed as the Committee intended, and not all recommendations were accepted.

4. The NIAO's February 2024 Major Capital Projects: Follow-up Report provides an overview of: the progress on the 11 major capital projects included within their 2019 report; an update on actions taken to implement previous recommendations; and considers other developments in this area since the 2019 report. The NIAO reported that delays and cost overruns persist. In the period from 1 April 2019 to 31 August 2023, Northern Ireland government departments managed 77 major capital projects (excluding local government and housing association projects). The majority of these projects have experienced increases in the original estimated costs and/or changes in the estimated completion dates. The estimated cost on completion of the 77 major capital projects, as at 31 August 2023, was £8.08 billion against the original estimated cost of £5.63 billion. The Committee considers that this increase in estimated costs of £2.45 billion could have been invested elsewhere to improve public services and infrastructure.
5. The NIAO provided this Committee with an updated position at 31 July 2024, when the portfolio included 78 projects, with a combined original approved cost of £5.71 billion, and an estimated cost on completion of £8.74 billion - £3.03 billion more than originally budgeted for. The continued escalation of cost overruns is unacceptable.
6. In 2015, the Northern Ireland Executive (the Executive) identified seven flagship infrastructure projects as its highest priority projects which were allocated funding over a five-year period, rather than the usual single year budget allocation. At the time of the 2024 NIAO report only one of the Executive's flagship projects had fully completed, with a second having completed by the time of this Committee report.
7. During the evidence session the Committee heard much about ongoing and planned actions, along with future aspirations. However, there was little evidence of any impactful action taken to date which has generated tangible improvements to the delivery of major capital projects in Northern Ireland. Given the time elapsed since this Committee's previous report on this issue, this lack

of positive change is unacceptable and the Committee is extremely frustrated by the lack of action taken to address ongoing delays and cost overruns.

Leadership, governance and the effectiveness of the NICS Board need urgently reviewed

8. Whilst the NICS Board has been reconstituted, with three independent non-executive members possessing private sector knowledge and skills, sitting alongside the departmental Permanent Secretaries, it has no fiduciary responsibility nor the constitutional right to direct a departmental Permanent Secretary. The NICS Board receives six monthly progress reports on major capital projects but these lack the necessary detail for effective scrutiny and decision making in respect of capital projects. The Committee heard that the NICS Board does not have the authority to hold major capital project teams to account. The Committee was shocked to find that information on cost and time overruns is not reported to the NICS Board and was left with significant questions about the purpose and value of the current reporting arrangements and the effectiveness of the NICS Board in this regard. The Committee was deeply concerned that an independent effectiveness review of the NICS Board was only commenced during the period of this inquiry.

Northern Ireland remains without an independent oversight body

9. Unlike other jurisdictions, in Northern Ireland there is still no single oversight body or independent advisory body with responsibility for the central monitoring of all major capital projects. A newly created ISNI Committee, has assumed the role of the ISNI Programme Board for the delivery of the ISNI Investment Plan. This Committee is concerned that as the ISNI Committee is a subcommittee of the NICS Board, it does not have the authority to challenge departments and there remains a need for independent, system-wide oversight of performance in delivering all major capital projects.

The current arrangements for delivery of major capital projects in Northern Ireland remain not fit for purpose

10. In 2020 the Committee considered that the system for commissioning and delivering major capital projects was over complicated and there was a need to assess the extent to which alternative structures could improve project delivery. In the Committee's view there is little evidence that alternative structures have been fully considered.
11. The Committee was alarmed to hear that large contractors are moving to other jurisdictions for work, as within Northern Ireland there is no stable pipeline of major capital projects. It welcomed assurances from witnesses that the NICS wants to develop collaborative working relationships with contractors but was again disappointed with a lack of evidence as to what positive impact has been made in this area since the last inquiry.

The arrangements for delivery of major capital projects in Northern Ireland remain not fit for purpose

12. Following the Committee's previous report on this topic, the Strategic Investment Board (SIB) completed a report on the root causes of delay and cost overruns in major capital projects. SIB reported that if performance issues remain unaddressed, the cost of delivering capital projects under the draft NI Investment Strategy for the next 10 years, could increase by approximately £5 billion. The Committee learned that the root causes had been categorised into three areas – policy, process and people. SIB has identified improving the expertise of people as the most important opportunity for short-term mitigations. The Committee contends that actions to address these issues are key and performance issues must not be allowed to persist. The Committee was told that SIB's findings had been incorporated into 12 ISNI Enabling Actions and the Committee expects this work to be taken forward with urgency – and progress reported regularly to the Executive.

The importance of social licence must be understood and addressed by all involved in major capital projects

13. The Committee is deeply concerned that whilst the Department of Finance (DoF) advised that it is aware of the importance of gaining social licence from the communities and key stakeholders affected by major capital projects, it does not know how to do it. The concept of social licence is not new, yet the Committee was alarmed to hear from witnesses that more understanding is needed in this area. The Committee expects DoF to do much more to improve its understanding of social licence, and ensure it is widely understood across the NICS in order to effectively build engagement with communities and key stakeholders and harness the benefits of social licence in successfully delivering major capital projects.

The business case process must now deliver demonstrable positive impact

14. DoF streamlined the previous 10-step business case model to a five-case business case model in November 2020, but the Committee was told that it is too early to determine if this has had a positive impact on the delivery of major capital projects. This Committee looks forward to receiving the findings of the effectiveness of the streamlined business case full review by 31 March 2025.

Regrettably the Committee repeats again that the NICS must develop the capacity and capability to successfully deliver major capital projects

15. People with the right skills, experience and time are crucial to successful delivery. This has been known for many years and has been evidenced again by SIB's recent root cause analysis work. Whilst recognising that there is a skills shortage globally and locally the Committee cannot understand why the NICS has been so slow to take action to address the skills issues affecting key roles, specifically those involved in the commissioning and delivery of major capital projects. Projects continue to be commissioned when insufficient suitably skilled staff are in place to successfully deliver them. The Committee considers that much more work is needed to understand the current skills

available across the NICS, the extent of the skills gap, and that urgent and informed action is taken to close that skills gap, as well as make better use of the skills available.

Summary of Recommendations

Recommendation 1

16. The Committee recommends that in line with good practice the effectiveness of the NICS Board should be reviewed annually, and that an externally facilitated independent review should be completed at least once every three years. The annual reviews should determine if the NICS Board is effective in the delivery of its role and whether its oversight is helping to improve performance in the delivery of major capital projects. The Committee expects to receive a copy of the first evaluation once complete and be informed as to where the findings and possible recommendations will be reported to, and how any proposed action will be taken forward.

Recommendation 2

17. The Committee considers there to be a lack of transparency and accountability for critical areas of the Executive's spend, that major capital overspends stay within the departmental oversight structure, and that HOCS and the NICS Board are neither sighted on, or accountable for, addressing overspends or projects delays. The Committee recommends that progress on the delivery of all major capital projects is published annually by the Executive. This should include cost and time details, presented in a format which easily allows comparison with original plans and include narrative explanations for delays and/or cost overruns.

Recommendation 3

18. The Committee is concerned that the ISNI committee (as a subcommittee of the NICS Board) lacks the authority to challenge departments on their performance in delivering major capital projects, in the same way that the NICS Board lacks authority. Drawing on the approaches in other countries, the Committee recommends that full consideration is given to determine what expertise and authority an independent oversight body could bring, within the constraints of the constitutional position. The Committee expects witnesses to report back to

the Executive on the outcome of these considerations within the next six months.

Recommendation 4

19. The Committee expects to be provided with a detailed timeframe, outlining expected delivery/completion dates for full implementation of the 12 ISNI Enabling Actions, progress updates and anticipated outcomes in terms of their impact on the delivery of major capital projects. The Committee expects this information within three months. The Committee recommends that updates on progress against the 12 ISNI Enabling Actions is reported regularly to the Executive.

Recommendation 5

20. The Committee recommends that DoF takes the lead role in developing an agreed and consistent evidence base to enable monitoring of progress on the delivery of major capital projects, including developing indicators against which improvements can be measured. As a minimum, the Committee expects this to include data on how much projects actually cost and how long they took against original plans. It expects this work to be completed without delay and intends to seek an update within six months.

Recommendation 6

21. Despite assurances that a different delivery model would not have yielded different results, the Committee remains unconvinced that the structures are fit for purpose. The Committee considers there is an ongoing need for collective, collaborative leadership and culture change to break the actual and perceived silos within the NICS and its ALBs. In the absence of an independent oversight body, the Committee recommends that the NICS Board commissions an independent review of the roles and responsibilities of all bodies involved in the delivery of major capital projects, with the aim of identifying how major capital projects could be delivered more efficiently and effectively. This should include ensuring that any unnecessary duplication is ended and ways of working together and making best use of skills are identified and enabled. This work

must be taken forward urgently, and the Committee expects to see progress within the next six months.

Recommendation 7

22. The Committee welcomes DoF, working with the private sector, to establish the criteria for being a good customer with construction contractors and determine what action it needs to take to improve confidence in investment in Northern Ireland. As part of this ongoing engagement the Committee recommends that DoF develops an associated timebound, measurable action plan and undertakes an annual review of progress in delivering that action plan.

Recommendation 8

23. The NICS must understand and recognise the importance of social licence and the potential benefits it can bring to reducing the time and cost overruns in major capital projects. The Committee recommends that DoF lead a programme over the next twelve months to ensure a clear understanding across the NICS of the importance of gaining social licence through public buy-in and support. The distinction with social value must be emphasised and there must be learning from successful models of social licence in other jurisdictions. Furthermore, DoF should build into the Post Project Evaluation review an assessment of the success of actions to obtain social licence.

Recommendation 9

24. The Committee recommends that the planned review of the revised business case approach determines if changes to the model have driven improvements in the reliability of time and cost estimates included in business cases. The Committee recommends that there should be a focus on the project initiation stage, in an effort to improve the reliability of the time and cost estimates, including the use of a considered range of figures so decision making is fully informed. The Committee expects the review to take on board sufficient stakeholder feedback and lead to timebound actions for improvement. The Committee would like to see the completed review.

Recommendation 10

25. The Committee recommends that DoF takes a lead role across NICS and accelerates its work with the private sector and construction industry to identify the future technical skills required for major capital projects and develop an action plan outlining how it will be delivered for the benefit of Northern Ireland.

Recommendation 11

26. The Committee considers the lack of professional and technical skills remains a NICS service wide issue and there is a clear and urgent need to improve staff expertise and equip them with the skills needed to successfully deliver major capital projects. The Committee recommends that the NICS must urgently address, at a strategic level, the lack of professional and technical skills to ensure project teams have the necessary capacity and capability to successfully deliver major capital projects. It must also identify skills gaps on existing project teams and take immediate action to upskill those teams, including consideration of how skills can be shared across the wider public sector, and how to attract and retain those skills, to enable successful delivery of these projects.

Recommendation 12

27. In the long term, the Committee considers there is a clear need to develop future workforce plans and identify areas where capacity and capability are inadequate for the successful delivery of major capital projects. There should be opportunities for more flexible arrangements for sharing knowledge, skills and resources between public bodies to ensure that resources are put to best use. The Committee recommends that a skills gap analysis is completed across NICS, and the ALBs. Following completion, a specific, collaborative, timebound action plan to address those gaps should be put in place.

Introduction

28. The Public Accounts Committee met on 3 October 2024 and 30 January 2025 to consider the Northern Ireland Audit Office's (NIAO) report "Major Capital Projects: Follow-up Report". The main witnesses were:

- **Ms Jayne Brady**, Head of the Civil Service;
- **Mr Neil Gibson**, Accounting Officer, Department of Finance;
- **Mr Brett Hannam**, Chief Executive of the Strategic Investment Board;
- **Ms Sharon Smyth**, Chief Executive, Construction and Procurement Delivery, Department of Finance;
- **Mr Patrick Magee**, Non- Executive Member of the NICS Board and Chair of the ISNI committee (a sub-group of the NICS Board, set up to oversee the implementation of the Investment Strategy NI (ISNI));
- **Ms Dorinnia Carville**, Northern Ireland Audit Office; and
- **Mr Stuart Stevenson**, Department of Finance.

29. Following the first oral evidence session, the Committee sought written submissions from the Department of Health (DoH) relating to the progress made on the Maternity Hospital and Department of Finance (DoF) and in respect of several issues raised during its initial oral evidence session. The Committee felt that witnesses did not answer some questions "appropriately" and was disappointed with the timeliness and content of the DoF written evidence provided, as a result, the Committee called two witnesses back to provide further clarification.

Background

30. During 2020, the Committee met to consider the NIAO's 2019 report on "Major Capital Projects". The 2019 NIAO report included a review of 11 major capital projects, including the seven flagship projects identified by the Executive in 2015 as its highest priority projects. The seven flagship projects had protected

budgets for a five-year period. Each of the 11 projects suffered time delays and/or cost overruns when compared against original timescales and budgets. In October 2020, the Committee published its Report on Major Capital Projects and made 15 recommendations for improvement. At that time, the Committee was deeply concerned about the accountability mechanisms and the extent of time and cost overruns.

31. In February 2024, the NIAO published the findings from its Major Capital Projects: Follow-up Report which included: an update of the 11 major capital projects included in the 2019 report; an update on actions taken to implement previous recommendations made by the Committee; and an overview of the current major capital project portfolio across the NICS departments. The NIAO report found that a number of the Committee's recommendations have not progressed as the Committee intended; not all recommendations were accepted; and delays and cost overruns persist throughout the major capital projects portfolio.
32. The NIAO reported that the major capital projects portfolio, covering the period April 2019 to August 2023, contained 77 projects with a combined original approval cost of £5.63 billion. Only 9 of the 77 projects were expected to meet both their original time and cost estimates. At 31 August 2023, the estimated cost on completion of the 77 major capital projects, was £8.08 billion against the original estimated cost of £5.63 billion. The estimated overspend was £2.45 billion. The Committee considers that this increase in estimated costs of £2.45 billion could have been invested elsewhere, to improve public services and infrastructure.
33. The NIAO provided this Committee with an updated position at 31 July 2024, when the portfolio included 78 projects, with a combined original approval cost of £5.71 billion, and an estimated cost on completion of £8.74 billion – that is £3.03 billion more than originally planned. It is the Committee's view that this continued escalation of cost is unacceptable and demonstrates a clear lack of ability to deliver large projects in line with agreed plans.
34. Whilst the Committee heard much about current actions and future aspirations, it was extremely disappointed to find that there was no evidence of any

impactful action taken since the 2019 NIAO report which has generated tangible improvements to the delivery of major capital projects in Northern Ireland.

Leadership, governance and the effectiveness of the NICS Board need urgently reviewed

35. The Committee previously recommended replicating the governance structure in Scotland and Wales to have a Principal Accounting Officer responsible for ensuring that the government's money and resources are used effectively and properly. Witnesses advised that the recommendation went to Ministers for consideration, and was not accepted, due to constitutional constraints. Witnesses advised that the Head of Civil Service (HOCS) is the secretary to the Executive, the Senior Responsible Officer for the Programme for Government, and chair of the NICS Board. However the constitutional position means that HOCS is not an Accounting Officer.
36. The previous Committee clearly expressed that it expected HOCS to show leadership by taking a much more proactive role in monitoring and delivery of public sector major capital projects and challenging departmental Accounting Officers where performance is not in line with approved plans. The Committee heard that one-way HOCS demonstrates leadership is by attending meetings, like PAC hearings. HOCS explained that departmental Permanent Secretaries are Accounting Officers, they are accountable to the Assembly and work under the direction and control of their Ministers. The Committee was told that HOCS is responsible for the leadership and management of the Permanent Secretaries, as their line manager, but it is not her role to challenge their performance in the delivery of major capital projects.
37. In response to the Committee's 2020 recommendation the membership of the NICS Board was extended to include three non-executive members, to sit alongside the NICS Permanent Secretaries, each bringing different skills, knowledge and expertise. HOCS considers the NICS Board 'is a key structural element for driving...change' – however, it has no fiduciary responsibility nor the constitutional right to direct a Permanent Secretary or hold them to account for

delays and cost overruns. The Committee was told that the non-executive membership of the NICS Board was making a difference. They can constructively challenge, bring evidence-based proposals, and make recommendations on actions to the Permanent Secretaries. However, it also heard that it is too early to demonstrate impact and the non-executive members 'cannot tell people what to do'.

38. The Committee heard that progress reports on major capital projects are brought to the NICS Board every six months. This is intended to increase transparency and identify common themes and cross-cutting issues. Since this Committee last considered this topic, time and cost overruns have continued to occur, with a significant majority of projects, managed by departments, experiencing increases in the estimated costs and/or changes in the estimated completion dates. The Committee is extremely concerned that billions of pounds continue to be spent on these projects and that many of the same weaknesses have been reported on again. The Committee was shocked that the bi-annual report provided to the NICS Board does not include information on time and cost overruns. The report includes the red/amber/green Gateway Assurance status and is used to identify common themes causing delays to projects but is not used to improve their delivery.
39. The Committee was told that the process for monitoring and managing the time and cost overruns is the responsibility of the specific departmental project board, the Accounting Officer, and relevant departmental board structures. It is not the responsibility of the NICS Board.
40. The Committee is disappointed that the reporting mechanisms to the NICS Board have not had any demonstrable impact on the delivery of major capital projects and the Committee is not convinced as to the purpose or effectiveness of this reporting given the Board's lack of authority. The Committee expects to see structures which empower collective leadership and decisive action. It does not expect to see time and resources being wasted on ineffective oversight that adds no value.
41. The Committee heard that an external provider has commenced the first annual evaluation of the NICS Board. The Committee was deeply concerned that an

independent effectiveness review of the NICS Board was only commenced during the period of this inquiry and no previous reviews had been completed in line with good practice.

Recommendation 1

42. **The Committee recommends that in line with good practice the effectiveness of the NICS Board should be reviewed annually, and that an externally facilitated independent review should be completed at least once every three years. The annual reviews should determine if the NICS Board is effective in the delivery of its role and whether its oversight is helping to improve performance in the delivery of major capital projects. The Committee expects to receive a copy of the first evaluation once complete and be informed as to where the findings and possible recommendations will be reported to, and how any proposed action will be taken forward.**

Northern Ireland remains without an independent oversight body

43. In 2020 the Committee recommended that serious consideration be given to appointing a single oversight body or creating an independent advisory body with responsibility for central monitoring of major capital projects. The Committee considers that while the NICS Board does receive six monthly progress reports it does not provide effective scrutiny and accountability, and to date this reporting arrangement has been ineffective.
44. HOCS updated the Committee on the establishment of an independent Infrastructure Commission, which was referred to in responses to the previous Committee's recommendations in 2020, and was also a commitment under the COVID recovery plan. Witnesses commented that the term "infrastructure commission" is applied to a range of different bodies, each of which has very different remits and responsibilities around the world. The Executive Office and the Department for Infrastructure jointly analysed what options might be considered for an infrastructure commission in Northern Ireland. A paper was presented to Ministers identifying the range of options available to the Executive

if they wished to establish an infrastructure commission. The paper also correlated those remits and responsibilities with existing bodies, including SIB, DoF and DfI, to see what added value an infrastructure commission could bring. HOCS has no authority to set up a commission or central decision-making bodies, and no decision has been made by the Executive.

45. Witnesses advised the Committee that they are trying to make changes to the oversight and delivery of major projects through the Investment Strategy for Northern Ireland (ISNI) committee, which is a subcommittee of the NICS Board, chaired by a non-executive Board member. HOCS acknowledged that major capital projects reporting was not getting the level of scrutiny, insight and analysis it needed at the NICS Board which was part of the thinking in developing this ISNI committee. Witnesses advised that for the first time, the NICS Board is taking ownership of the delivery of the ISNI, via the ISNI committee, rather than leaving it to individual Departments to deliver their parts. Under its terms of reference, the ISNI committee has assumed the role of the ISNI Programme Board on behalf of the NICS Board and Executive. It will monitor the progress and delivery of the ISNI Investment Plan and will report regularly to the NICS Board and the Executive on the implementation and delivery of ISNI. It will be responsible for ensuring that those projects move through the system as quickly as possible, recognising that delays can create cost overruns. However, it is not clear what power or authority it will have to be able to achieve this.
46. The Committee understands that the ISNI Committee oversight and reporting arrangements will apply to the projects included within the ISNI Investment Plan. During the first evidence session the Committee questioned whether the draft list of ISNI projects captures all committed and ongoing projects across the current major capital projects portfolio. Not getting a clear response, the Committee wrote to HOCS, for confirmation that the draft list of ISNI projects captures all committed and ongoing projects across the current major capital project portfolio. The response indicated that the list had not yet been finalised but does capture committed and ongoing projects across the current major capital projects portfolio. When questioned during the second oral evidence

session, the Committee received assurances that the ISNI investment plan will include all major projects above £20 million.

47. The draft ISNI is currently being considered by the First Minister and deputy First Minister and has not yet been referred to the Executive for approval. HOCS advised that as is protocol for policy under development, there is no agreed timeline for scheduling the ISNI strategy and ISNI work plan to go to the Executive until it has been finalised and agreed by the First Minister and deputy First Minister. Despite a number of requests for sight of the draft list of ISNI projects, this was not shared with the Committee.
48. The Committee notes that much of the evidence provided was future focused and whilst it is supportive of efforts to ensure that the ISNI investment plan is successfully delivered, it is frustrated that changes are at such an early stage given the long tail of issues. The Committee contends that these are not new problems, much more could have been done sooner and there are no tangible improvements.
49. The Committee considers that central oversight of the progress of all major capital projects will bring more transparency. However, given the unwillingness of witnesses to share the draft ISNI investment plan, the fact that the plan remains in draft, and subject to change, the Committee is extremely concerned that there remains a risk that not all committed, ongoing and future major capital projects in Northern Ireland, will be captured by the ISNI committee thereby allowing a lack of system- wide oversight, scrutiny, challenge and intervention, to persist.

Recommendation 2

50. The Committee considers there to be a lack of transparency and accountability for critical areas of the Executive's spend, that major capital overspends stay within the departmental oversight structure, and that HOCS and the NICS Board are neither sighted on, or accountable for, addressing overspends or projects delays. **The Committee recommends that progress on the delivery of all major capital projects is published annually by the Executive. This should include cost and time details, presented in a format which easily allows**

comparison with original plans and include narrative explanations for delays and/or cost overruns.

51. Witnesses expressed confidence that the ISNI committee '*will make a real difference in driving projects forward*' and it represents an important move forward in ensuring collective responsibility for the overall delivery of the investment strategy. However, whilst acknowledging that these arrangements are at an early stage, the Committee is not convinced what impact the ISNI committee can have due to the evidence it heard on the role of the NICS Board and the limitations on the NICS Board's ability to effectively scrutinise and challenge. The Committee remains of the view that more needs to be done to determine what benefits could be gained through a truly independent monitoring and oversight body, as opposed to a subcommittee of the NICS Board, which has an independent Chair only.

Recommendation 3

52. The Committee is concerned that the ISNI committee (as a subcommittee of the NICS Board) lacks the authority to challenge departments on their performance in delivering major capital projects, in the same way that the NICS Board lacks authority. **Drawing on the approaches in other countries, the Committee recommends that full consideration is given to determine what expertise and authority an independent oversight body could bring, within the constraints of the constitutional position. The Committee expects witnesses to report back to the Executive on the outcome of these considerations within the next six months.**
53. The Committee understood from the first evidence session that to support the delivery of the ISNI, an ISNI Enabling Action Plan has been developed, with over 100 recommendations from multiple relevant reports on this topic distilled into 12 ISNI Enabling Actions, categorised under people, process and policy. The Committee was told that a Senior Responsible Officer (SRO) has been allocated to each action, along with a timetable for delivery and the progress will be monitored by the ISNI committee through a dashboard. Following the evidence session, the Committee was provided with a list of the ISNI Enabling

Actions, the sponsor departments, the SRO responsible for delivery and the progress report including the red/amber/green status.

54. In the Committee's view most responses, provided by the witnesses, relating to change and actions were forward looking and future focused on the ISNI committee and the 12 Enabling Actions Plan. The Committee is disappointed that given the number of reviews and the extensive number of recommendations over the last decade, there was no evidence that any action taken since the Committee last considered this topic, has had any significant positive tangible impact.

Recommendation 4

55. **The Committee expects to be provided with a detailed timeframe, outlining expected delivery/completion dates for full implementation of the 12 ISNI Enabling Actions, progress updates and anticipated outcomes in terms of their impact on the delivery of major capital projects. The Committee expects this information within three months. The Committee recommends that updates on progress against the 12 ISNI Enabling Actions is reported regularly to the Executive.**

Recommendation 5

56. **The Committee recommends that DoF takes the lead role in developing an agreed and consistent evidence base to enable monitoring of progress on the delivery of major capital projects, including developing indicators against which improvements can be measured. As a minimum, the Committee expects this to include data on how much projects actually cost and how long they took against original plans. It expects this work to be completed without delay and intends to seek an update within six months.**

The arrangements for delivery of major capital projects in Northern Ireland remain not fit for purpose

57. A series of reviews on the commissioning and delivery of major capital projects in Northern Ireland concluded that the current arrangements are not fit for purpose and recommended considering alternative models. Witnesses advised that previous recommendations by SIB, amongst others, including a recommendation in 2013 to centralise major capital project delivery, did not receive Executive agreement. However, some alternative processes were trialled such as health projects moving into the Department of Finance in 2014. Witnesses advised that did not work well as it blurred the boundaries of accountability for health projects between the Department of Health and the Trusts and it did not fit well in the Department of Finance. The Committee heard that in 2022, health projects moved out of DoF and back into the Department of Health, more closely aligning expertise with the client. Witnesses advised that there can be benefits and disadvantages to centralisation and, in their view, moving expertise away from delivery and into a central function is not always the best way to do it. The Committee was not provided with any information on the tangible benefits of the realignment of expertise as cost and time overruns persist.
58. Witnesses told the Committee that they had looked to other jurisdictions for good practice and to consider what could be done differently, however with a different structure in Northern Ireland it is difficult to relate to what is done in other jurisdictions. The Committee was told that we have to accept that Northern Ireland has nine Departments and that “it makes everything slower. It should not be that way, but we cannot take what is happening in other jurisdictions and try to model it here if we have a completely different structure.” Witnesses did not believe a different structure would have yielded different results in major capital projects delivery.
59. Despite the assurances, the Committee remains unconvinced that a different structure would not have yielded different results in the delivery of major capital projects and there is a lack of evidence to demonstrate that alternative delivery

mechanisms for major capital projects have been fully explored. The Committee considers that a very poor record of delivery has been demonstrated and public confidence has been damaged. It is now essential that urgent action is taken to produce observable results and halt the increases in estimated costs and delivery timetables.

The critical importance of effective collaborative and partnership working

60. The Committee heard that making the system work to best effect, requires *“collective leadership, common learning and cultural change to break down some of the perceived silos.”* The Committee welcomed comments that in recent years there has been a change in mindset to look beyond individual departments, with Permanent Secretaries accepting that *“doing the same things that we have done before will not get us to where we need to be”* and that there is a need for fundamental transformation and reform. *“Collectively, we can deliver; in silos, we cannot.”*
61. Recommendations regarding centralising the procurement function have been included in many reviews. DoF explained that there is a huge amount of centralisation within Northern Ireland that does not exist elsewhere, through CPD. However, Northern Ireland is a small country, with nine centres of procurement expertise (COPEs), seven of which are construction COPEs, and issues have been identified with inconsistencies in approach across those COPEs. DoF advised that steps can be taken to ensure that all bodies are procuring in a common way and that the look and feel to the market are the same. DoF are working on an Integrated Procurement Plan, due for completion by March 2025, to support the delivery of ISNI. The Committee learned that six arm’s length bodies (ALBs) are responsible for delivering 75 per cent of the major capital projects in the draft ISNI Investment Plan, including NI Water, NI Housing Executive, the Health Trusts and the Education Authority. The proposed Integrated Procurement Plan aims to encourage collaboration between COPEs and across departmental boundaries, including, identifying the resources required to carry out the procurement activities necessary for the delivery of the ISNI projects.

Recommendation 6

62. Despite assurances that a different delivery model would not have yielded different results, the Committee remains unconvinced that the structures are fit for purpose. The Committee considers there is an ongoing need for collective, collaborative leadership and culture change to break the actual and perceived silos within the NICS and its ALBs. **In the absence of an independent oversight body, the Committee recommends that the NICS Board commissions an independent review of the roles and responsibilities of all bodies involved in the delivery of major capital projects, with the aim of identifying how major capital projects could be delivered more efficiently and effectively. This should include ensuring that any unnecessary duplication is ended and ways of working together and making best use of skills are identified and enabled. This work must be taken forward urgently, and the Committee expects to see progress within the next six months.**
63. The Committee was alarmed to hear that Northern Ireland “is not an attractive place for most contractors to move to”. Witnesses explained that the NICS wants to work with contractors, have premarket engagement, provide prompt payment, move away from lowest price tendering, have a realistic and stable pipeline of projects supported by a multi-year funding package, and provide surety that a project will not stop once it starts. Unfortunately, at the moment, it cannot do that and much needs to be done to make Northern Ireland, and working with the public sector, an attractive proposition.

Recommendation 7

64. **The Committee welcomes DoF, working with the private sector, to establish the criteria for being a good customer with construction contractors and determine what action it needs to take to improve confidence in investment in Northern Ireland. As part of this ongoing engagement the Committee recommends that DoF develops an associated timebound, measurable action plan and undertakes an annual review of progress in delivering that action plan.**

Urgent action must be taken to address the identified root causes of delays and cost overruns

65. Following the Committee's 2020 report, the Procurement Board agreed that SIB would undertake an exercise to identify the root causes of delays and overruns in the projects included in the NIAO's 2019 report. The SIB report highlights that the root causes with the greatest adverse impact on the system can be categorised into three key areas:

Area	System	Root Cause of Failure
Policy	Planning	Planning policy and regulations are unsustainably complex.
Policy	Social Licence	The public sector fails to recognise and act upon the importance of social licence.
Process	Project Initiation	A lack of relevant expertise means plans are inadequate. Such plans are subject to ineffective assessment and review.
Process	Procurement	A lack of relevant expertise means procurements are slow and expensive, and private sector competition is discouraged.
Process	Cost and Schedule Estimates	Weaknesses in other systems (primarily planning, procurement, social licence and decision-making) make costs and schedules unpredictable.
People	Provision of Expertise	The public sector fails to recruit and deploy sufficient project delivery expertise.

66. According to the SIB root causes analysis work a substantial proportion of increased cost is due to delays and almost half of the cost overruns are due to inflation. Witnesses also advised that a substantial amount of the total overrun could be attributed to one project - the A5 Western Transport Corridor. Witnesses also put forward the view that the Outline Business Case (OBC) cost and time estimates were not a fair comparison point and the overrun comparisons at Full Business Case (FBC) stage are smaller. The Committee

contends that the OBC is an important stage of the approval process, at which significant investment decisions are taken, and is concerned that time and cost overruns persist at both OBC and FBC.

67. Addressing the root causes of delay is crucial to improve the efficiency and effectiveness of the system for the planning and delivery of major capital projects. SIB reported that the draft ISNI contains proposals for major capital projects to the total value of £12 billion and that if performance issues remain unaddressed, we should expect the cost of delivering these projects to increase by approximately £5 billion. The Committee heard that the findings identified in SIB root causes analysis work have fed into the 12 ISNI Enabling Actions and consider that it is crucial that changes are urgently made to significantly improve delivery.

The importance of social licence must be understood and addressed by all involved in major capital projects

68. The Committee was told that as a result of the 2023 NIAO report on The Judicial Review Process in Northern Ireland an annual report to the NICS Board from the Departmental Solicitor's Office, was introduced, to identify the legal challenges brought and the lessons learnt. These lessons learnt are shared through the SRO Network. The Departmental Solicitor's Office delivers training on how to avoid inaccuracies that may lead to Judicial Reviews, how to prepare for a Judicial Review, the information required, and how to manage a Judicial Review.
69. The Committee understands that the growing complexity of planning law, the application of the Climate Change Act 2022, environmental issues and obligations arising from net zero often lead to legal challenges. The SIB Root Causes of Delay and Cost Overruns in Major Capital Projects report concluded that planning policy and regulations are unsustainably complex and SIB advised that *'unless action is taken to address that complexity, we will see more challenges'*.

70. The Committee heard that one way to prevent some cases getting to Judicial Review is involving communities from a very early stage and gaining social licence. However, the SIB root cause analysis work found that departments are failing to recognise and act upon the importance of social licence. Community engagement is rushed through pro-forma consultation exercises that does not lead to changes in project objectives, options appraisal or approach, with debates ignoring communities' emotional responses. SIB also noted that departments were dismissing opposing views too early and too easily, instead wanting to complete the consultation process quickly to progress the project.
71. Witnesses acknowledged that gaining social licence is not just running a consultation and a much greater understanding of social licence is needed to enable it to be done well. It needs to be a fundamental element of setting up a project, it needs to come in at the very beginning and represent a dedicated strand of project activity. DoF took advice to improve the social licence process but *'still do not know the answer to what way we would set up the right model.'* Throughout the evidence sessions, the Committee found there to be confusion between social licence and social value. The concept of social licence is not new, and it is extremely concerning that there remains confusion and uncertainty as to the importance of social licence and the importance of gaining it.
72. DoF updated the procurement policy note (PPN) 01/21 Social Value in Procurement, formerly known as Scoring Social Value, and this was approved by the Executive on 5 December 2024. This revised policy note states that major (>£20 million) capital or infrastructure projects, which impact on communities, must have a plan for effective community consultation before, during and following the delivery of major capital/infrastructure projects, for example, a social licence workstream. Supporting guidance is being developed.

Recommendation 8

73. The NICS must understand and recognise the importance of social licence and the potential benefits it can bring to reducing the time and cost overruns in major capital projects. **The Committee recommends that DoF lead a**

programme over the next twelve months to ensure a clear understanding across the NICS of the importance of gaining social licence through public buy-in and support. The distinction with social value must be emphasised and there must be learning from successful models of social licence in other jurisdictions. Furthermore, DoF should build into the Post Project Evaluation review an assessment of the success of actions to obtain social licence.

The business case process must now deliver demonstrable positive impact

74. The Committee heard that business cases are too detailed and take too long to produce, which increases the chance of delays from OBC to FBC approval. Work has taken place to streamline business cases (from a ten step to a five-case model), however, it is too early to see the impact or any benefits of the streamlined business case process on the delivery of major capital projects, as the initiation and delivery processes are so long. An interim review of the effectiveness of the streamlined business cases was completed and largely positive. However, streamlining the number of steps will have little impact if the information in the business case is not of suitable quality or if expert advice has not been sought, at the appropriate time.
75. The Committee's previous recommendation regarding business cases is four years old and no evidence was presented that streamlining has yet delivered any impact. Concerns persist regarding the quality and proportionality of the business cases. Witnesses informed the Committee that a full review of the effectiveness of the streamlined business case model is due to be completed before the end of March 2025.

Recommendation 9

76. **The Committee recommends that the planned review of the revised business case approach determines if changes to the model have driven improvements in the reliability of time and cost estimates included in business cases. The Committee recommends that there should be a focus on the project initiation stage, in an effort to improve the reliability**

of the time and cost estimates, including the use of a considered range of figures so decision making is fully informed. The Committee expects the review to take on board sufficient stakeholder feedback and lead to timebound actions for improvement. The Committee would like to see the completed review.

Regrettably the Committee repeats again that the NICS must develop the capacity and capability to successfully deliver major capital projects

77. Witnesses explained that the NICS needs to recruit procurement skills, project management skills, and commercial acumen, amongst others, in a competitive environment. The NICS often buys-in technical or specialist expertise that is not needed on a full-time basis and is looking at ways to train its own staff, including, apprenticeships, academies and training models. The NICS aims to ensure it is a good learning organisation by sharing learning through the SRO networks and supporting more staff going to universities in England to complete the Major Projects Leadership Academy and the Project Leadership Programme.
78. DoF told the Committee that the NICS is competing against other labour markets that can pay more, therefore, it needs to consider what incentives can be offered to attract and retain people with the skill sets needed. There is a planned review of the NICS pay strategy, which will include consideration of retention and recruitment allowances and where those might be required. The Committee was told that the NICS needs to become more agile in letting people come and go between the public and private sectors which requires modernisation of HR policies and processes.
79. DoF explained that it recently engaged with the Department for the Economy, Further Education Colleges, the private sector, and the construction industry, to identify future skills requirements and the potential to design specific educational courses. It is recognised that there will be a time lag in course

development and these newly skilled people being available to the NICS and the construction industry.

Recommendation 10

80. **The Committee recommends that DoF takes a lead role across NICS and accelerates its work with the private sector and construction industry to identify the future technical skills required for major capital projects and develop an action plan outlining how it will be delivered for the benefit of Northern Ireland.**
81. Issues regarding capacity and capability are not new, with both the NIAO and this Committee having previously reported that more needs to be done to prioritise the identification and development of the skills, knowledge and experience which are key to the delivery of modern public services. As far back as 2010, this Committee recommended that a register of public sector staff with project and programme management skills and experience be put in place, to ensure that projects across the service could benefit from this experienced pool of staff. The Committee cannot understand why this has not been done. It heard that skills of senior staff are known but much more needs to be done to identify and record the skills of staff across the NICS.
82. The Committee was alarmed to hear that across the COPEs there are almost 200 vacancies and numerous vacancies across the professional grades and the construction division. That is a big skills gap that needs to be filled, however there is no target to address it. The Committee heard that, in some cases, there have been several unsuccessful attempts to attract particular skill sets and that the NICS are working towards having much better reporting on where those gaps are. Witnesses recognised that there is a lot that needs to be done to build skills and capacity and are trying to secure funding for more workforce modelling and analysis of the skills needs.

Recommendation 11

83. The Committee considers the lack of professional and technical skills remains a NICS service wide issue and there is a clear and urgent need to improve staff expertise and equip them with the skills needed to successfully deliver major capital projects. **The Committee recommends that the NICS must urgently address, at a strategic level, the lack of professional and technical skills to ensure project teams have the necessary capacity and capability to successfully deliver major capital projects. It must also identify skill gaps on existing project teams and take immediate action to upskill those teams, including consideration of how skills can be shared across the wider public sector, and how to attract and retain those skills, to enable successful delivery of these projects.**
84. The Committee understands that people with the right skills, experience and time are crucial to the successful delivery of major capital projects. SIB's root cause analysis work identifies improving the expertise of people as the most important short-term mitigation that can address the root causes of delay and cost overruns. Whilst witnesses recognised and accepted that more needs to be done, the evidence provided was very much future focused, despite previous recommendations in this area, and the Committee cannot understand why it has taken so long to start to address this well-rehearsed issue. Similar to its findings on Procurement in Northern Ireland, in the Committee's view there are likely to be opportunities for more flexible arrangements for sharing staff between public bodies to ensure resources are put to best use. Whilst evidence was put forward that the NICS has now recognised this in the context of ISNI, this is at an early stage and the workforce plans are not sufficiently developed.

Recommendation 12

85. **In the long term, the Committee considers there is a clear need to develop future workforce plans and identify areas where capacity and capability are inadequate for the successful delivery of major capital projects. There should be opportunities for more flexible arrangements for sharing knowledge, skills and resources between public bodies to ensure that resources are put to best use. The Committee recommends that a skills**

gap analysis is completed across NICS, and the ALBs. Following completion, a specific, collaborative, timebound action plan to address those gaps should be put in place.

Links to Appendices

Appendix 1: Minutes of Proceedings

[View Minutes of Proceedings of Committee meetings related to the report](#)

Appendix 2: Minutes of Evidence

[View Minutes of Evidence from evidence sessions related to the report](#)

Appendix 3: Correspondence

[View correspondence issued and received related to the report](#)

Appendix 4: Other Documents

[View other documents related to the report](#)

Appendix 5: List of Witnesses that gave evidence to the Committee

- **Ms Jayne Brady**, Head of the Civil Service
- **Mr Neil Gibson**, Accounting Officer, Department of Finance
- **Mr Brett Hannam**, Chief Executive of the Strategic Investment Board
- **Mr Patrick Magee**, Non-Executive Member of the NICS Board and Chair of the ISNI committee (a sub-group of the NICS Board, set up to oversee the implementation of the Investment Strategy NI (ISNI))
- **Ms Dorinnia Carville**, Northern Ireland Audit Office
- **Mr Stuart Stevenson**, Department of Finance

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