

# **Independent Review of the Capacity and Capability the Department of Infrastructure**

## **Terms of Reference**

### **Background**

The Department of Infrastructure is a large Department with a very wide range of operational functions, including highway, airport, harbour, bus, rail, housing, flood risk, waste management and local government services. It delivers shared services for the Government's estate and fleet management.

The operation of different parts of the Department of Infrastructure have been subject to a number of reviews of different elements of its operations over the past 5 years. Of particular note are those initiated by the Treasury's SAVE Programme:

- Highways
- Quarries
- Heritage Rail
- Bus Services and
- Airport

These reviews not only considered operational efficiency and effectiveness but also potential structures for the future delivery, including whether these operations were best operated at arms-length from the Department. The Airport review was alone in recommending the move to such a structure, a proposal which was approved in principle by Tynwald and a proposal to create a Government owned company to operate the Airport is in progress (although delayed due to Covid 19).

The Department has also taken on new responsibilities, including most recently Flood Risk Management from the Manx Utilities Authority and Department of Environment, Food and Agriculture.

Following concerns over the delivery and management of Capital Projects across Government, a great many of which are managed by the Department, Council of Ministers has approved the creation of a Major Projects Unit within the Cabinet Office which is to take responsibility for the delivery of major projects with a value of over £3m, moving these away, in the main, from the Department. It has also been agreed, subject to an independent review of the capability and capacity of the Department, that the Department should take control of all remaining capital project activity and property related maintenance programmes. Some detail on the scope of such an assessment is attached to this paper however clearly the ability of the Department to deliver this requirement and interact with the rest of Government as its client is a key consideration.

### **Aim**

Given the breadth of the Department and its operational nature the Council of Ministers wishes to gain assurance that Governance and management of the Department is adequate and that it is adequately resourced to deliver its objectives.

The aim of the review is to appraise the capability and capacity of the centre of the Department to effectively manage the interface with its divisions, including an assessment of policies, practice, procedures, and protocols which form part of those arrangements. In particular, the Review will explore how existing management and organisational arrangements could be improved to provide more effective governance and accountability.

Specifically, the two fundamental issues will be addressed: 1) the extent to which the centre of DoI is providing meaningful governance and oversight and, 2) if there is any inadequacy in the current

arrangements, how the role of the centre of DoI in providing that governance and oversight may be improved?

It is noted that that this is not a review of the effectiveness of Department's operational delivery; it is a review of the effectiveness of DoI's management and governance arrangements for managing the interface with its various operational divisions, services and clients.

### **Scope**

To achieve its aim, the Review will consider the following:

1. The effectiveness of the existing governance model including Departmental systems for setting goals and evaluating the performance of its divisions.
2. The extent to which the centre of the Department provides effective oversight and whether the roles and responsibilities of those exercising oversight are clear and in particular whether these are fit for purpose in managing the client interface with users/recipients of its services.
3. Whether the Department has the required levels of capability and capacity to successfully deliver its responsibilities in respect of the delivery of capital projects and maintenance programmes.
4. Changes or improvements which might be made to the way in which existing functions are delivered.

In undertaking the review, due consideration will be given to the approaches taken by other Departments and Boards of the Isle of Man Government and to models of good practice in the UK and other jurisdictions. It will also involve a range of stakeholders, and evidence will be gathered from the Council of Ministers, Members, senior officers, operational staff, support staff as appropriate.

### **Reporting**

Subject to the interview and consultation programme being completed in a timely manner, a final report should be submitted to the Council of Ministers by 1<sup>st</sup> April 2021.

The final report will set out conclusions, policy options and recommendations together with a summary of the evidence that has been gathered to inform the outcomes of the Review.

Secretariat support for the Review will be provided as necessary by the Cabinet Office, including project management, data collection and, the development of working documents, records keeping, facilitation of stakeholder engagement and other functions as required. Where key skills or research is required that is not within the skillset of the Secretariat, other support will be procured.

**Cabinet Office**  
**January 2021**

## **Capital Projects and Maintenance**

### **Capacity/capability review:**

As part of a revised approach to capital financing and delivery approved by the Council of Ministers in December 2020 It was agreed to allocate the project management of large capital projects (proposed as being in excess of £3m) to a specialist unit in the Cabinet Office. This was with a view to the project management and delivery of all other capital projects (and delivery of larger DoI projects but with CaBo project management oversight) remaining the responsibility of the Department of Infrastructure (DoI).

One of the drivers for change in the financing and delivery of capital projects was a Ernst & Young review commissioned by the Treasury. This identified that the capital programme is cluttered with a very large number of low value schemes. This is further complicated by a range of different delivery bodies with varying levels of experience and success in delivery.

The move to centralised delivery should ensure consistency and efficiency but it needs to be acknowledged that there will be increased pressure on the Department of Infrastructure in picking up the capital schemes from other Departments (despite the removal of project management of the larger schemes). To this end the Council of Ministers also agreed to a review of the Capacity and Capability of the DoI to ensure effective delivery. To be effective the review needs to identify and consider:

- The level of resource available within DoI
- The skills sets of resource in the DoI
- Identify resources delivering capital projects in other Departments
- Identify whether the resources in other Departments solely deliver capital projects or are tied up with other Departmental work. Identify where all other work is property/property management based.
- In either case consider the appropriateness of transferring such resource to the DoI based on capital delivery against programme and budget to date and mutually beneficial skill sets to the existing DoI resources. (For example if there is capacity in the DoI for the main skill sets but a specific skill is not available there would be little point in transferring in more of the same resource lacking the missing skillset).
  - To facilitate this:
    - summarise delivery effectiveness by Department
    - capacity and capability review of resources involved with capital (questionnaire based)
- Review/propose improved processes to control scope creep/client management
- Prepare client information pack for capital projects to define the process and points at which the project is locked.