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Isle of Man Government
Dept. of Infrastructure – Review of Capacity & Capability

FINAL

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INSTITUTE OF CONSULTING

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Executive Summary

Introduction

- The objective of a capacity and capability review is to identify weaknesses that are undermining the ability of a department to deliver services effectively.

- In undertaking the review we have assessed the capacity and capability of the department in relation to its workforce strategy - right people with the right skills in the right place (capacity); and in relation to capability by reference to its systems of accountability, governance, processes and information.

- However, before detailing the review findings we should start by acknowledging that all stakeholders we spoke to were keen to place on record their appreciation of the high levels of endeavour displayed by departmental staff particularly in the context of the present pandemic. As a review team we are happy to record and endorse those acknowledgements.

Executive Summary

- The review highlights three fundamental weaknesses in the department's organisational, management and governance arrangements:

  - The departmental **organisational structure** which attempts to develop, manage and co-ordinate service delivery as a conglomerate.

  - The capacity and capability of the department to **manage, co-ordinate and deliver the capital programme.**

  - The capacity and capability of the department to develop and support **longer term strategy and policy.**

Organisational Structure

- The organisational structure is predicated on what we would describe as a standard government departmental framework found in jurisdictions across the world where a series of largely homogenous administrative and linked policy functions are managed and co-ordinated under the stewardship of a Chief Executive Officer.   However, the Dept of Infrastructure does not consist of largely homogenous administrative governmental functions, it consists of a number of large, diverse service delivery functions which have some synergies but are largely distinct. Put simply, they are separate, identifiable, discrete operating units.

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- Yet, the current management and organisational framework is predicated on developing, managing and co-ordinating these large areas of diverse service provision as a single entity through a framework of divisions which together form the department.

- A natural consequence of this organisational structure is to place accountability for the performance of each functional element of service provision and delivery on the Chief Executive. In turn, the management emphasis has naturally gravitated towards the operational delivery of services with service delivery effectively being managed from the Centre on a largely reactive and transactional basis.

- Operational service delivery, including the management, co-ordination and development of those services, should be the remit and responsibility of individual Directors. By contrast, the remit of the Chief Executive should be to ensure the provision of operational and corporate support – either directly or via shared-service providers – to support service delivery, and more importantly, the development of policy, strategy and management of the political interface.

- In summary, the current organisational and management structure is unsuited to supporting the work of a delivery orientated department.

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- Figure 2, page 10, addresses this issue by separating out responsibility for policy and strategy from operational delivery and in so doing, re-defining the Centre of the department. In our view, the Centre of the department should comprise those units responsible for strategy, policy (including legislation), corporate and departmental administrative services e.g. vehicle licensing, taxation etc. The natural elements of service delivery within the department can, and should be managed, as discrete, administrative entities but within a policy and resources framework set by what should be a primarily strategic, policy focused department.

- Key features of a re-structured department:

  - The creation of a Chief Operating Officer (COO) who will have over-arching accountability for the overall management and co-ordination of the service providers. However, a key role of the COO will be to act as Portfolio Director for all departmental projects delivered as part of the capital programme. As Portfolio Director the role-holder will be accountable to SACIC for the direction and governance of the whole departmental project portfolio. In a programme and project management environment the role of Portfolio Director is a pivotal one which is not currently being fulfilled save through the Chief Executive.

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- The creation of a supervisory body which would be responsible for the oversight of the service providers. For ease of reference and a matter of drafting convenience we have referred to this body as a Management Board. However, the body could be constituted as a Committee, Group or Board and could be chaired by the Chief Executive, Minister and/or Members; this would be a matter for debate. The key point here is that the Board – which might also necessarily include sub-committees e.g. Flooding & Risk Committee – should include senior representatives of stakeholders to whom services are provided. In fulfilling its remit the Board would be responsible for holding the COO and the service providers to account for service delivery.

- By contrast, the Centre of the department will be responsible for the policy and resources framework to support and enable the service providers to deliver services including the development of a longer-term strategy and policy framework, as well as elements of corporate and administrative service support.

- In our view, a re-structured department will provide a sharper focus on the delivery of services with service providers better able to focus on the delivery of services for which they are accountable. It will also provide a better framework to support the delivery of the capital programme whilst also providing assurance to Treasury's Strategic Asset & Capital Investment Committee (SACIC) that the departmental portfolio of projects is being managed, co-ordinated and delivered effectively. Finally, it will provide the space and capacity for the Centre of the department to focus on the longer-term development of strategy and policy.

Executive Summary

Figure 2: A Re-structured Department
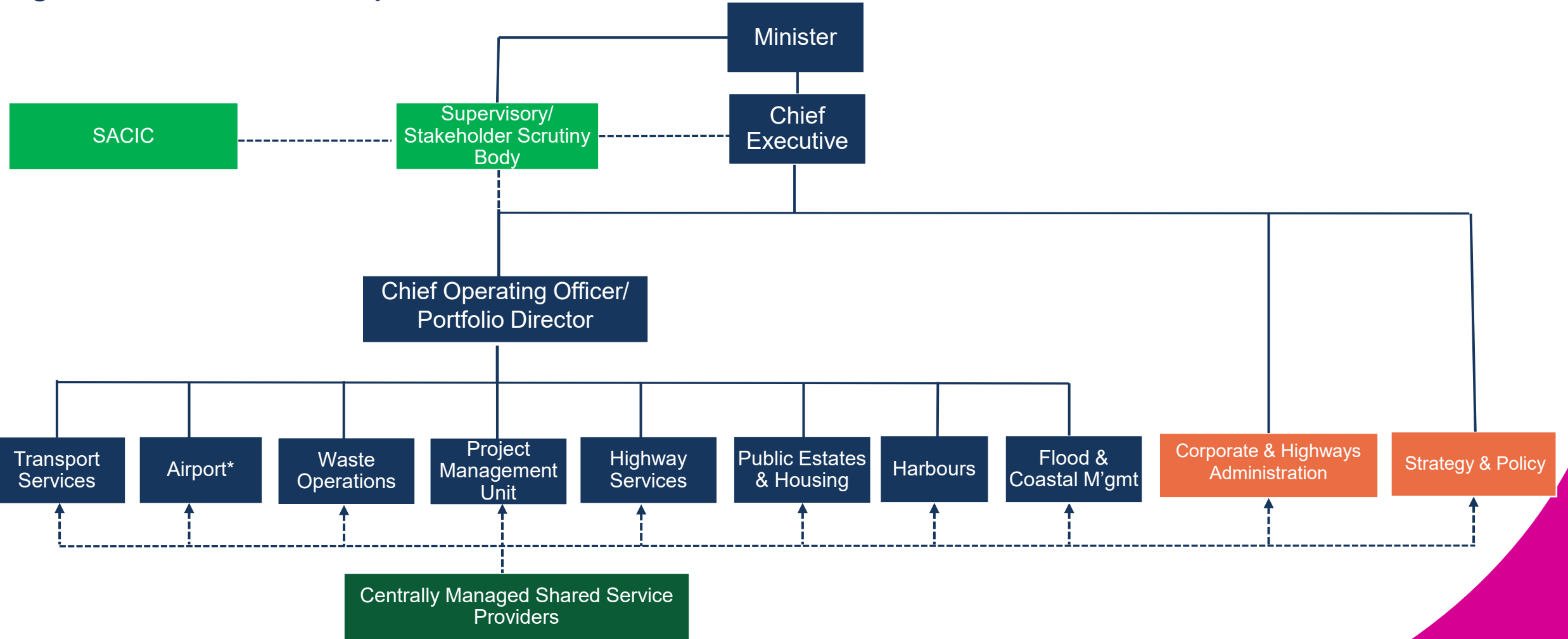
** Airport proposed to become a Gov Co subject to Tynwald approval

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Management, Co-ordination and Delivery of the Capital Programme

- The approved capital programme (including a forward programme) is published in the Treasury Pink Book. Table 69 in the Pink Book lists 65 construction related schemes in 2021/22, 4 of which have an in-year spend of greater than £3m.

- The scale, scope and relative complexity of those 65 schemes varies considerably (a full list is set out in Annex C of the main report).

- The department's Project Management Unit currently comprises 5 project managers, 4 of whom are formally accredited/qualified as Project Managers with one role-holder qualified by experience. Highways Services have an unknown number of civil engineers who manage projects who may or may not be formally accredited or qualified.

Executive Summary

- Across the department there is a shortfall in the availability of accredited Project Managers to support the capital programme. This is compounded by the fact that the Island's supply chain is weak which makes sourcing additional project management capacity more difficult. In our view, this situation represents a serious strategic risk to the delivery of the capital programme and urgent action needs to be taken to bolster the department's project management capacity whilst addressing longer term issues of supply both in house – a workforce strategy to develop the skills and capabilities needed to support project delivery – and externally, a strategy to address weaknesses in the construction and infrastructure supply chain which is not simply restricted to project management capability and capacity.

- We estimate that a further 3.5 Project Managers at D500 (HEO) level and 3.5 Asst. Project Managers at D400 (EO) level will be required to support the capital programme. However, this estimate pre-supposes that all the projects listed in the Pink Book can be delivered in 2021/22. Clearly, the budget allocation in the Pink Book exceeds the department's delivery capability by some margin.

Executive Summary

- Therefore, in determining the level of project resource required the key driver has to be on what is deliverable not on the level of funding that is available. In the absence of a short-term solution to that capability gap, the department needs to prioritise its projects. The department also needs to assess how, or make clear to what extent, they can best obtain resources from the private sector e.g. through framework agreements, to fill that gap.

- Given supply chain limitations, a workforce plan with a stronger focus and emphasis on development, talent management and recruitment needs to put in place as a matter of urgency.

Executive Summary

Longer Term Strategy, Policy & Planning

- Treasury has taken the lead in requesting CoMin approval and direction to initiate a series of actions to set in place enhanced arrangements for the planning, governance, financing, management and investment in Infrastructure assets. This includes commissioning a Strategic Needs Assessment which will better support the department in developing strategies and policies, and roles to manage Infrastructure assets to meet priorities, operational and service needs, and provide sustainable outcomes.

- However, more needs to be done by the department to improve business planning and performance management both in an organisational and individual context. The model on page 16 (Figure 3) is a standard model of Business Planning that is common to the public sector in most jurisdictions. There will be variations to the model to reflect individual jurisdictional approaches to business planning and performance management. However, the golden thread that links the model is to show how high-level business plans should cascade through an organisation from the strategic to the individual.

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- The left-hand side of the model illustrates the typical levels of cascade from the strategic to the individual, whilst the right-hand side shows how the cascade currently operates in a departmental context. As can be seen there are a number of elements missing from, or only partially reflected in, the cascade.

- At a strategic level it is questionable how far the National Infrastructure Plan, and indeed the Programme for Government, provide the strategic planning framework for the medium term and beyond, which will allow the department to make achievable plans.

- Policies such as they exist are largely in transition which is not surprising if the strategic direction is not clear. The departmental Business Plan and Service Delivery Plans are largely one and the same, and performance measures to help identify the important dimensions of each input, output or outcome are weak.

Executive Summary

Figure 3: Cascading Business Planning Model

Level 1 — Government's Strategic Priorities
- National Infrastructure Plan - last update 2018
- Strategic Needs Assessment currently being undertaken
- Plan for Government – National Indicators

Level 2 — More detailed policies
- Departmental Service Plan not updated since 2018
- Departmental Business Plan currently lists the following as in progress:
- Smarter Movement Strategy, Bus Strategy, Rail Strategy, National Infrastructure Strategy, Parking Strategy, Air Services Strategy, Harbours Strategy, Modern Flooding policy

Level 3 — Departmental Business Plans – More detailed aims & objectives
- New Business Plan Framework established by Minister 2020 Business Plan is a conglomeration of Service Delivery Plans

Level 4 — Service Delivery Plans Performance Measures & Standards
- Success measures, deliverables established by Minister 2020.
- Divisions currently developing a set of KPIs

Level 5 — Individual staff development & performance plans
- Optional

Executive Summary

- Looking ahead, there should only be two core levels of planning and performance management. The first level should be largely strategic and should focus on how the department i.e. the Centre, intends to deliver government's strategic plan including the development of policies that will support those strategic objectives. The second level should be largely operational comprising service delivery plans for each discrete operating unit which include measures of outputs, processes and inputs which deliver service delivery outcomes.

- A restructured department should naturally lead to a more focused approach to strategic planning which in turn will provide greater clarity and focus for service providers in compiling those service delivery plans.

Other Issues

- The report also draws attention to: the need to establish more formal processes and mechanisms for managing projects; the need to consider and adopt an objective based approach to staff development focused on performance improvement; and better management and co-ordination of legislative processes.

- The need for much greater emphasis on external communication and engagement is also highlighted.

Executive Summary

Resourcing Consequentials

- Apart from the resourcing of the capital programme we have not looked in detail at the resourcing consequentials that will arise if a decision is taken to re-structure the department along the lines recommended. However, in headline terms, the main resourcing consequentials will be:

  - 1 x COO

  - Executive and Administrative support for the COO and Management Board

  - Establishing a departmental Policy & Strategy hub.

- The extent to which these posts could be met by re-deploying and re-focusing roles from across the department, particularly those within the current Central Support & Change Division, was not considered as part of this review process. Similarly, how roles principally concerned with matters of services' administration currently embedded with departmental service providers (operating units) are integrated into the department is a management judgement.

Executive Summary

- Looking beyond the immediate future, it is likely that the establishment of a fully functioning Portfolio Management Office within the department may require a broader range of roles e.g. Portfolio Analyst, Project Planner, Business Case Manager, Project Support Officer, Governance & Reporting Manager, Stakeholder Manager.

- However, the extent to which one or other of these roles is required to support the management, governance and delivery of the departmental project portfolio would be a matter for the Portfolio Director (COO).

Introduction

- Beamans Management Consultants were invited by the Chief Minister and Chief Secretary to carry out a review of the Dept. of Infrastructure (DoI). The review was carried out by Michael Bourke, David Conroy and Richard Whalley.

- The aim of the review was to appraise the capacity and capability 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.

- Specifically, the review was required to address two fundamental issues:

  - the extent to which the Centre of the department is providing meaningful governance and oversight; and

  - if there is any inadequacy in the current arrangements, how the role of the Centre of the department in providing that governance and oversight might be improved?

- The full terms of reference are shown at Annex A. However, in setting out the terms of reference it was noted that this was not a review of the effectiveness of the department's operational delivery; it is a review of the effectiveness of the department's capacity and capability including linked management and governance arrangements.

Introduction

- In taking the review forward it is important that we are clear what the terms 'Centre', 'capacity' and 'capability' refer to (and how we have interpreted them) for the purposes of this review.

- The Centre: The department operates as a single entity under the stewardship of a Chief Executive who is the department's Accountable Officer. There is a Senior Management Team (SMT) comprising the Directors of each defined area of departmental service provision (see Figure 1, page 23). Together with the Chief Executive, the Deputy Chief Executive and the Directors are responsible for the stewardship of the department as well as their own divisions. In short, we have defined the Centre of the department as comprising those individuals (Chief Executive, Deputy Chief Executive & Directors) who have individual and collective accountability for the delivery of services, and those responsible for supporting delivery of those services including shared service providers.

- Capacity: In simple terms, the term capacity in an organisational context refers to having the 'right-size' workforce with the requisite knowledge, skills and acumen. In short, whether the department has the right specialist skills to undertake all that Isle of Man government wants it to do.

Introduction

- <u>Capability</u>: Capability in a civil service context refers to an organisation's ability to implement policy effectively and deliver outcomes. Capability requires a combination of the right people with the right skills in the right place (capacity) supported by appropriate accountability, leadership, governance, systems, processes and information. In this report we focus on both the people aspects of capability as well as the structural aspects of capability.

Introduction

Figure 1: The Centre of the Department
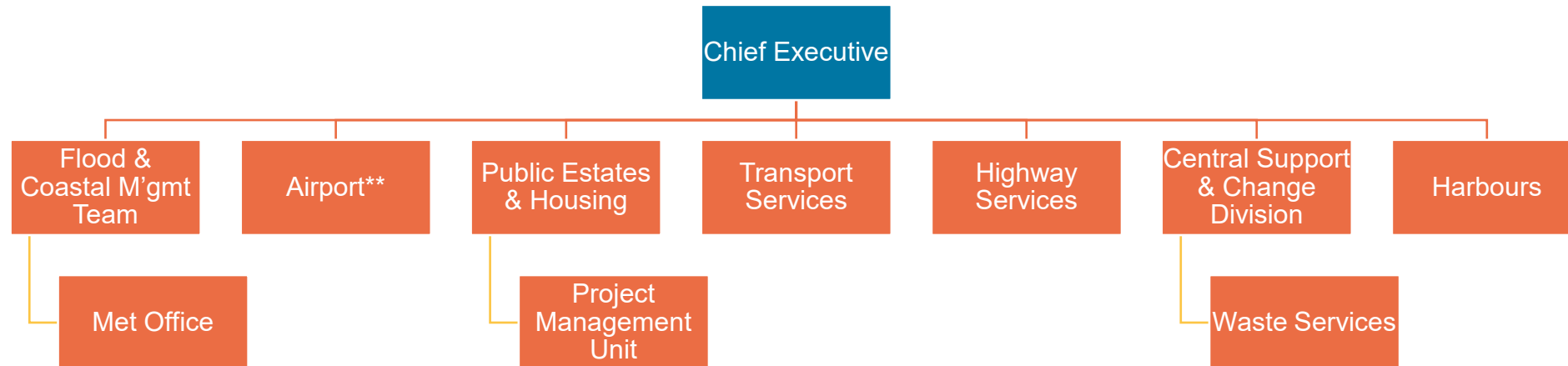
** Airport proposed to become a Gov Co subject to Tynwald approval

Introduction

Our Approach

- We conducted focused interviews with all relevant parties in order to collect, understand and evaluate key information and data. A full list of consultees is shown at Annex B. To supplement the interview programme we also collected, analysed, and assessed a range of documents and data on current management and governance arrangements including a number of reports reviewing various aspects of departmental service provision.

Acknowledgements

- We are grateful for the co-operation we received from all the individuals we spoke to individually and collectively during the course of the review. We would also like to acknowledge the helpful contributions and insights provided by those we spoke to on the issues and challenges facing the department. For these contributions we are grateful.

- Particular thanks to Ruth Hannah and Andrea Tabb from the Office of Human Resources for their hard work in managing and co-ordinating all the logistical and administrative arrangements for the review.

1. Capability – The Organisational Structure

Introduction

- The DoI is a large department with a very wide range of operational functions, including highways, airport, harbours, bus, heritage rail, housing, flood risk, waste management and local government services. It also delivers shared services for the Government's estate and fleet management.

- Different parts of the department have been subject to a number of reviews over the past 5 years. Of particular note are those initiated by the Treasury's SAVE Programme:

  - Highways

  - Quarries

  - Heritage Rail

  - Bus Services

  - Airport

1.   Capability – The Organisational Structure

- These reviews not only considered operational efficiency and effectiveness but also potential structures for 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).

- However, this review is not concerned with individual elements of service delivery nor alternative delivery models; it is focused on departmental capacity and capability.

1.   Capability – The Organisational Structure

Departmental Size & Organisational Structure

- The department is not homogenous; it is made up of discrete operating units which collectively form 'the department'. Moreover, those operating units are not uniform; the size and scale of each operating unit varies considerably, as do their capacity and capability requirements.

- This issue of departmental size and structure has naturally given rise to the view, put forward by many we spoke to during the course of the review, that the department is 'too big'. Many consultees felt that the breadth and diversity of departmental activity creates too great a management challenge and the department should, as a consequence, be broken up.

- On the basis of this premise i.e. that this was the only natural conclusion the review process could reach, a number of options were put forward to us on what a restructured and reconstituted department should look like.

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1.   Capability – The Organisational Structure

- Whilst we would agree with the premise that the department is too big to be managed in the same way as a department with a largely uniform and homogenous set of functional elements of activity, we do not share the view that the only option is to break-up the department.

- In our view, it is not the size of the department that is the issue it is the management, organisational and governance framework that has been put in place to manage what are large, diverse elements of service provision. In this regard, the current management and organisational framework is based on the assumption that those large areas of diverse service provision can be managed as a single entity through a framework of divisions which together form the department.

- Yet, in the same way that Isle of Man Government has accepted the organisational logic that the DHSC cannot, and should not, directly manage an acute hospital, or the DESC cannot, and should not, directly manage schools, this naturally begs the question as to how the DoI can be expected to directly manage buses, harbours, airports, highways, waste management, estates, housing or any of the other functional service it is responsible for delivering? In the same way that managing a hospital or school, or indeed any other specialised service delivery function, is seen as separate to the core role of a department, so should the management of any of the department's specialised functions. In our view, the current organisational and management structure is unsuited to support the work of a delivery orientated department.

1. Capability –The Organisational Structure

- Moreover, simply calling these areas of service delivery a directorate or a division of the department will not change that management dynamic. Indeed, the natural consequence of that management dynamic is to place accountability for the performance of each functional element of service provision and delivery on the Chief Executive. In short, the buck ultimately stops with the Chief Executive for all elements of departmental service delivery.

- In a public-facing, operational department many would argue that is precisely where the focus of the Chief Executive's attention should be. However, that focus should not extend to the day-to-day delivery of service provision, the management and co-ordination of individual projects, or any other aspect of operational service delivery. This is an impossible management remit to fulfill given the breadth of those service delivery functions and associated requirements.

- Operational service delivery, including the management, co-ordination and development of those services, should be the remit and responsibility of individual Directors. By contrast, the remit of the Chief Executive should be to ensure the provision of operational and corporate support – either directly or via shared-service providers – to support service delivery, and more importantly, the development of policy, strategy and management of the political interface.

1. Capability – The Organisational Structure

- Not surprisingly, in seeking to manage the department as a single entity the management emphasis has naturally gravitated towards the operational delivery of services and ensuring those services meet the needs of its customers and stakeholders. In short, it has led to service delivery effectively being managed from the Centre on a largely reactive and transactional basis.

- This single entity approach – which effectively means the department is managed as a conglomerate – has blurred lines of accountability for service delivery between the Chief Executive and Directors. This in turn, has led to a lack of distinction between operational service delivery – the responsibility of Directors – and strategic, policy development – the responsibility of the Chief Executive and the departmental Centre.

1. Capability - The Organisational Structure

Re-defining the Organisational Structure

- Figure 2, page 33, addresses this issue by separating out responsibility for policy and strategy from operational delivery and in so doing, re-defining the Centre of the department. In our view, the Centre of the department should comprise those units responsible for strategy, policy (including legislation), corporate and departmental administrative services e.g. vehicle licensing, taxation etc. The natural elements of service delivery within the department can, and should be managed, as discrete, administrative entities but within a policy and resources framework set by what should be a strategic, policy focused department.

- Looking ahead, each operating unit will have some role in supporting the development of policy, not least because good policy development should always be closely informed by frontline delivery experience in what are highly specialist, technical areas of operation. However, this should never be to the extent that it begins to overshadow the operational delivery role that should be the primary focus of the operating unit. We comment further on this issue on pages 78 to 80.

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1.   Capability - The Organisational Structure

- Structurally, whilst each operating unit will become administratively distinct, they will, unless Tynwald decide otherwise (as is the case of the Airport), remain legally part of the department.

- In short, these administratively distinct operating units can, as far as we can tell, be created by administrative action rather than legal instrument.

1. Capability – The Organisational Structure

Figure 2: A Re-structured Department
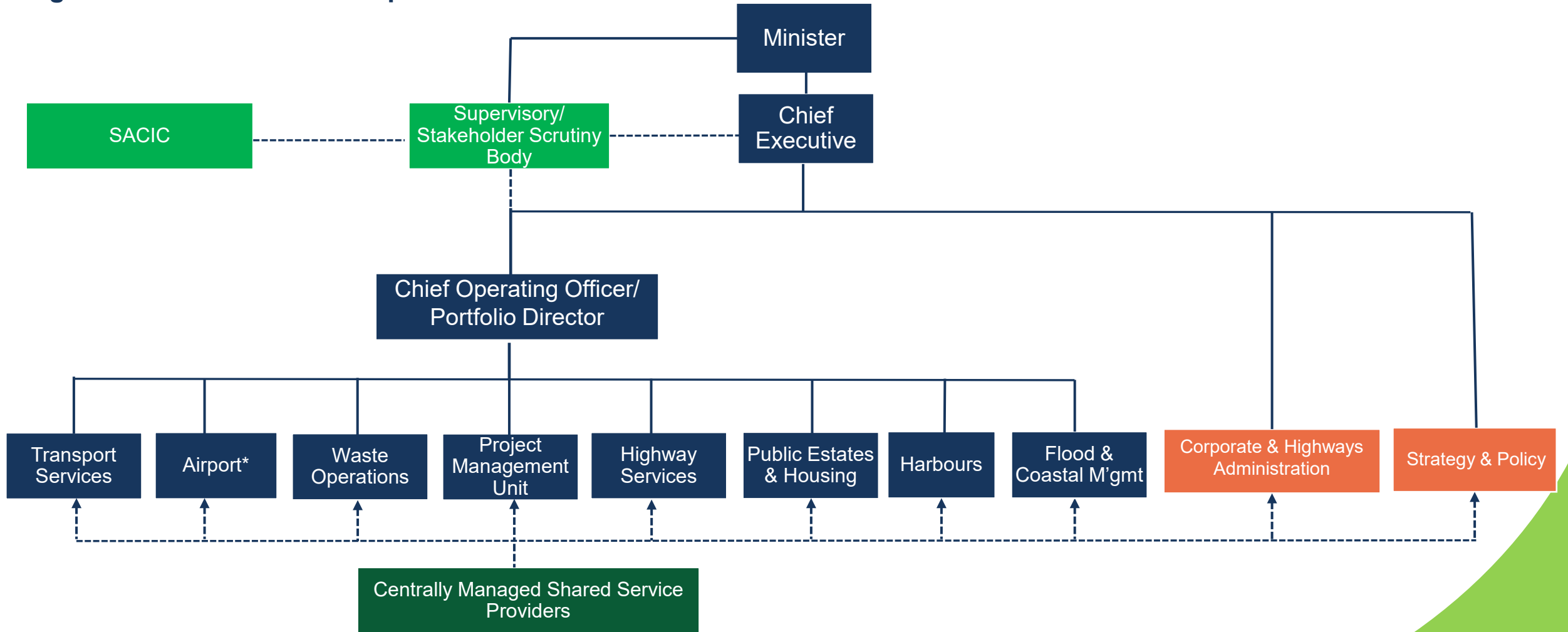
** Airport proposed to become a Gov Co subject to Tynwald approval

2. Capability – Future Management & Governance

Introduction

- In separating out policy and strategy from operational delivery there will be a need to refocus the role of the department and its relationships and engagement with its service providers (operating units). A new governance structure will also be required to support the transition from manager of service providers to enabler of service providers.

Chief Operating Officer/Portfolio Director

- To facilitate this transition, we have created a new role of Chief Operating Officer (COO) who will have over-arching accountability for the overall management and co-ordination of the service providers. However, a key role of the COO will be to act as Portfolio Director for all departmental projects delivered as part of the capital programme.

- As Portfolio Director the role-holder will be accountable to SACIC (see page 39) for the direction and governance of the whole departmental project portfolio. In a programme and project management environment the role of Portfolio Director is a pivotal one which is not currently being fulfilled save through the Chief Executive. The importance of this role in a project delivery environment is highlighted further on page 39. However, organisationally a role which can both support service providers, maintain coherence between those providers where it is necessary to do so, and maintain oversight of the departmental project portfolio is not only pivotal but essential.

2. Capability – Future Management & Governance

A Management Board

- Whilst the Chief Executive will remain responsible for the strategic leadership of the organisation, ensuring that it has the capability both now, and in the future, to respond to any challenges, there is a wider question of accountability that needs to be addressed.

- Whilst each operating unit will be accountable directly to the departmental Minister via the COO for delivery, and to the department's Accountable Officer for use of public funds (via formal designation as Asst. Accountable Officer or Budget Holder – this will need to be determined), there is an opportunity to vary existing governance arrangements in order to provide independent assurance to the Minister that each operating unit is achieving its service delivery objectives.

- In this regard, it is important to remember that the establishment of administratively separate and accountable operating units will not reduce the totality of the departmental remit for which the Minister remains accountable to Tynwald. Indeed, the new structure will place a premium on the deliverability of policies, high standards of corporate governance, ensuring that controls are in place to manage risk and scrutiny of performance, and ultimately, how well each operating unit is delivering its service delivery objectives.

2. Capability – Future Management & Governance

- Clearly, that remit is a difficult one for a Minister to fulfil even with the support of departmental members. To provide better governance we believe the Minister should be supported by a departmental supervisory body.

- For ease of reference, and as a matter of drafting convenience, we have referred to this body as a Management Board. However, the body could be constituted as a Committee, Group or Board and could be chaired by the Chief Executive, Minister and/or Members. This would be a matter for debate. The key point here is that the Board – which might also necessarily include sub-committees e.g. Flooding & Risk Committee – should include senior representatives of stakeholders to whom services are provided (including Treasury).

- On a day-to-day basis each Director will be responsible for the operation of their operating unit and accountable directly to the COO and to the Board and Minister for the operating unit's performance against agreed targets. It will not be the responsibility of the departmental Chief Executive to manage day-to-day service delivery but to ensure the department provides appropriate support, and through the Management Board provides scrutiny, advice and constructive challenge.

2.   Capability – Future Management & Governance

- The role of the Board would be to support the COO and each operating unit by providing leadership, advising on the deliverability of policies, maintaining high standards of corporate governance, ensuring that controls are in place to manage risk, scrutinising performance, and monitoring how well each operating unit is achieving its service delivery objectives.

- In short, it will provide an additional level of independent scrutiny and accountability and most importantly, provide the Minister with the assurance that those charged with delivering service provision (including projects) are doing so efficiently and effectively.

2.   Capability – Future Management & Governance

Governance of the Department's Capital Investment Programme

- Finally, one key element of governance that need to be addressed is that relating to the capital programme. Delivering improved, enhanced or new infrastructure projects forms a key part of each departmental service provider's remit. In order to fulfil that remit the department bids for funds from Treasury on an annual basis.

- Looking ahead, we note that Treasury has initiated a series of actions to set in place enhanced arrangements for the planning, governance, financing, management and investment in Infrastructure assets including the creation of a Major Projects Unit in the Cabinet Office with responsibility for all smaller infrastructure projects and maintenance becoming the responsibility of the department.

Links to Strategic Asset & Capital Investment Committee

- Treasury's Strategic Asset & Capital Investment Committee (SACIC) provides oversight and co-ordination of government's capital programme. In the first instance, bids for capital projects are made through SACIC who consider individual business cases for funding. In effect, SACIC act as the Investment Decision Maker recommending the allocation of budget for the capital programme to Treasury.

2. Capability – Future Management & Governance

- In consideration of the wider management arrangements for the oversight of the capital programme, Treasury has also recommended that SACIC's role be extended to include accountability for oversight, monitoring and governance of the overall programme of capital projects.

- However, in the context of the department's capital investment programme, this responsibility could be devolved to the department's Management Board and Portfolio Director. In short, the department's Portfolio Director in collaboration with the departmental Management Board would hold responsibility for:

  - providing the project mandate and securing investment decisions from SACIC;

  - endorsing, advising and supporting the project Senior Responsible Owner (SRO);

  - providing continued commitment to the SRO at project milestones;

  - approving the progress of the project against strategic objectives;

  - initiating and completing the gateway review process;

  - providing visible leadership and commitment to the project at communication events;

  - confirming successful delivery and sign-off at the closure of the programme.

2. Capability – Future Management & Governance

- By devolving responsibility for oversight, monitoring and governance of the overall departmental programme of capital projects, SACIC can focus on the oversight, monitoring and governance of major projects which would fall within the remit of the proposed Major Projects Unit.

- The department's Management Board or a sub-committee of that Board – on which SACIC could be represented – would still be accountable to SACIC for providing the necessary assurance that the department's portfolio of capital projects is being managed appropriately.

2.   Capability – Future Management & Governance

Major Projects Unit

- Once the proposed Major Projects Unit is established further work will need to be undertaken to establish clear and consistent operating protocols between SACIC, the Major Projects Unit and the department's Portfolio Director. In particular, whether the Major Projects Unit should act as the Centre of Excellence (a key role in building and managing professional capability in project delivery), or whether this remit should fall to the department's Portfolio Director is one such question.

- More widely, the question as to whether the Major Projects Unit should be managed and co-ordinated by the Portfolio Director, either separately, in tandem with, or as part of the Project Management Unit, will also need to be considered. In this regard, fully functioning departmental project delivery teams operating under the stewardship of a Portfolio Director (who will be accountable to SACIC via the departmental Board) may negate the need to establish a separately managed and co-ordinated Major Projects Unit. Whilst this question is outside our terms of reference it is one that will need to be considered should the proposals outlined in this report be accepted

2. Capability – Future Management & Governance

Portfolio or Programme Management Office (PMO)

- Organisations that run a regular portfolio of programmes and projects and/or larger riskier projects need to undertake considerable oversight and co-ordination of the portfolio. A portfolio or programme management office (PMO) is usually created in a central management hub. Its role usually covers providing guidance on project methodologies, providing specialist support, for example, risk management, ensuring projects meet regulatory requirements, providing assurance such as health checks and gate reviews, and disseminating key information for executive control, reporting and decision making.

- The PMO facilitates good governance and can verify compliance, ensuring that others in governance roles (at all levels) have the key information they need.

- In some organisations the PMO may also fulfil the role of a Centre of Excellence whose role is to improve processes, tools and techniques, embed training, development and support for project managers, share best practice and encourage and review progress to higher levels of project management maturity.

2. Capability – Future Management & Governance

- Again, looking ahead in a departmental context we would envisage the PMU acting as both a Centre of Excellence and PMO for projects developed, managed and delivered by the department whether under the stewardship of Highways Services, the PMU or any other part of the department.

- The establishment of a PMO and Centre of Excellence in the PMU is likely to require a broader range of roles e.g. Portfolio Analyst, Project Planner, Business Case Manager, Project Support Officer, Governance & Reporting Manager, Stakeholder Manager, than is currently available within the existing PMU staff complement.

- However, the extent to which one or other of these roles is required to support the management, governance and delivery of the departmental project portfolio would be a matter for the Portfolio Director (COO) to determine.

2. Capability – Future Management & Governance

Resourcing Consequentials

- Apart from the resourcing of the capital programme (section 5) we have not looked at detail at the resourcing consequentials that will arise if a decision is taken to re-structure the department along the lines recommended. However, in headline terms the main resourcing consequentials will be:

  - 1 x COO

  - Executive and Administrative support for the COO and Management Board

  - Establishing a departmental Policy & Strategy hub

- The extent to which these posts could be met by re-deploying and re-focusing roles from across the department particularly those within the current Central Support & Change Division, has not been considered as part of this review process. Similarly, how roles principally concerned with the matters of services administration currently embedded with departmental service providers (operating units) are integrated into the department is a management judgement.

2. Capability – Future Management & Governance

- Looking beyond the immediate future, it is likely that the establishment of a fully functioning Portfolio Management Office within the department (page 42) may require a broader range of roles. However, as also highlighted on page 43, the extent to which one or other of these roles is required to support the management, governance and delivery of the departmental project portfolio would be a matter for the Portfolio Director (COO) to determine.

2.   Capability – Future Management & Governance

- Finally, in concluding our commentary on the structure of the department and the changes we propose, the natural question is 'what difference will it make?'

- Whilst, on the face-of-it, the changes appear quite modest they are fundamental to ensuring that the department is clear as to what its role is in effectively managing the interface with its service providers. In short, it will make clear what the department as an entity is responsible for – corporate administration, corporate support, policy and strategy development and managing the political interface – and what each departmental service provider is responsible for – the development, management and co-ordination of service delivery.

- These changes will also allow each service provider to develop approaches which are more closely linked to the operating needs of their business. Issues of departmental finance will also become more focused with financial management and accounting issues addressed within, and in relation to, the individual service provider. In short, it will help align service delivery objectives with the funding, governance and accountability for the delivery of those services, and help close the gap between policy intent and service reality.

- However, whilst we believe the proposed changes to departmental organisational arrangements will facilitate better, more focused management, these changes will not, in themselves, support the delivery of better outcomes. Wider capacity and capability questions remain, and it to these issues we now turn.

3. Departmental Capacity

Introduction

- As we outlined on page 21, in simple terms, the term capacity in an organisational context refers to having the 'right-size' workforce with the requisite knowledge, skills and acumen. In short, the functional skills the department requires to support service delivery and deliver future projects or programmes.

Workforce Planning

- The Office of Human Resources (OHR) has lead responsibility for increasing the capability of the civil service and is responsible for supporting departments in identifying and meeting their capacity and capability requirements. Determining questions of people capacity fundamentally relies on effective workforce planning. However, workforce planning is not sufficiently developed across Isle of Man Government. Not all departments have formal workforce plans in place, and an Isle of Man Civil Service (IOMCS) wide workforce plan has not been developed. In the absence of robust workforce planning arrangements and associated resourcing plans, the department is poorly positioned to respond to increasing staff vacancy rates particularly for roles which require professional skill sets or strong technical capability.

- Many we spoke to during the course of the review, expressed concerns that OHR is not pro-actively supporting the department in addressing significant vacancy management issues. In particular, concerns were expressed concerning the length of time to recruit and place successful candidates in post. This, coupled with the department's inability to anticipate future supply need, has led to vacancies being carried for key posts.

3.   Departmental Capacity

- Two fundamental issues need to be addressed:

  - workforce plans which address capacity and capability gaps need to be put in place;

  - recruitment processes, which many thought to be cumbersome and protracted, need to be recalibrated to target and secure the necessary skills required to support the work of a modern-day Infrastructure organisation operating in a rapidly changing environment.

Developing Workforce Plans

- A key goal of workforce planning should be to ensure that each key area of departmental service provision (the operating units) have the necessary resources and skills to meet their service delivery objectives. Workforce planning needs to be underpinned by accurate and robust data, including clarity around underlying assumptions in key areas of vacancies, temporary staffing solutions, alternative work patterns and retirees.

- As part of that planning process the department needs to formally identify the professional, technical and functional skills it requires to successfully deliver current and future service delivery programmes. This should form the basis of a workforce plan which encompasses succession planning, vacancy management, recruitment, learning, development and talent management.

3.   Departmental Capacity

- Special attention should be paid to the professional skill-sets and competences required to support service delivery including particularly those relating to:

  - Programme and project management

  - Commercial and contract management

  - Financial management

  - People & operational performance management

  - Strategy formulation

- A plan also needs to be developed to outline how these skills will be acquired and developed within the workforce, with specific consideration given to the professionalisation of programme and project management (see page 65), with sufficient support and resources provided, to lead and develop the required capabilities.

3.   Departmental Capacity

- In short, there needs to be a people strategy in place which links directly to the department's strategy. It should prioritise supporting staff to develop the skills and capabilities they need to achieve service delivery objectives.   All operational teams should have a skills matrix which is updated regularly. The matrix should detail the skills required to support delivery, highlight gaps, and be used for triggering activity to close those gaps, such as recruitment, training or coaching. The matrix should in turn be linked to a more flexible resourcing model which will enable the department to adapt to changes in operational requirements.

3.   Departmental Capacity

Recruitment Processes

- Improvements in workforce planning should anticipate and identify vacancies earlier. However, these should be supported by improvements to operational vacancy management processes, to provide a more flexible and responsive approach and reduce the time taken to place candidates in posts. Vacancy management processes should be refined; duplication and delays should be removed; roles and responsibilities within the processes should be clear and understood by all stakeholders; and best practice timescales for recruitment should be agreed and monitored.

Conclusions

- In the absence of a workforce plan, and without reviewing each area of departmental service provision to identify resource and skill requirements, we cannot conclusively conclude that the department lacks capacity in resource terms save in relation to the PMU where our terms of reference specifically required us to take a view on future operational resource requirements (see section 5). However, whilst it is undoubtedly the case in some areas of departmental service provision there is a shortfall in the number of posts available there is also a lack of capability in terms of posts with the requisite professional skill-sets and competences required to support project delivery (delivery capability). A point which we discuss further in the following section.

4.   Departmental Capability

Introduction

- As we outlined on page 22, in an organisational context, a capability review is a forward-looking, whole-of-organisation review that assesses an organisation's ability to meet future objectives and challenges. Capability reviews therefore focus on ensuring the appropriate governance, systems, processes and information are in place to support delivery.

Leadership

- As we set out in section 2, the department essentially consists of a number of discrete service providers. Yet, it is effectively managed as a conglomerate. This conglomeration approach is mirrored in the management and leadership approach with the Chief Executive and the senior management team seeking to develop, manage, plan and co-ordinate all departmental activity as a conglomerate.

- The Chief Executive is the department's centre of gravity and as such exerts a strong gravitational pull with all aspects of departmental service provision subject to review and scrutiny through a series of formal set piece meetings and one-to-one meetings with members of the senior management team.

4.   Departmental Capability

- This pro-active, hands-on leadership style means the Chief Executive is front and centre on all aspects of departmental activity.   And whilst it is clear that the level of support the Chief Executive affords to each member of the senior management team is both acknowledged and appreciated, it serves to blur accountability between Directors and the Chief Executive.

- This orientation towards service delivery also means the department lacks the necessary strategic orientation and focus. This is not a criticism. It is a natural by-product of creating a departmental framework to manage a group of service providers with the Chief Executive ultimately accountable for the delivery of those services. In our view, this is an impossible management remit for any single individual to fulfil without an effective means of delegating responsibility to each individual service provider.

4. Departmental Capability

Political Interactions – Capacity to Provide Effective Advice

- The departmental Minister and Members also form part of the overall governance framework. The Minister is ultimately accountable to Tynwald for the performance of the department.

- Ministers and departmental Members can have a significant positive impact on departments when they set clear strategic objectives, agree the resources and changes needed to achieve those objectives, and then hold their department to account for delivery.

- Good policies emerge from a combination of the political (mobilising support and managing opposition, presenting a vision, setting strategic objectives) and the technocratic (evidence of what works, robust policy design, realistic implementation plans). These two ends of the spectrum are largely represented by politicians and civil servants. For the right balance to be achieved, politicians and civil servants need to recognise their respective roles and create effective working relationships that respect and value the contributions both can bring.

4.   Departmental Capability

- However, problems in this relationship can arise when civil servants either start to anticipate Ministers' decisions or make their own judgements about what is and is not acceptable. The danger here is that Ministers and Members have to take decisions on the basis of an unnecessarily constrained range of options.

- There is a fine line here between seeking to persuade and influence and in so doing, providing frank and fearless advice, and seeking to marginalise legitimate political inputs to the policy development process, a step beyond. Given the close nature of working relationships between departmental staff and Ministers and Members, it is perhaps not surprising that this fine line can sometimes become blurred and may, to a degree, always remain so in an Isle of Man context.

- However, approaches which require political inputs to be 'managed', political buy-in to be 'secured', and the political context 'acknowledged' should not form part of the equation. Not only must civil servants provide informed and impartial advice they must do so without making prior judgements as to which policies or aspects of policy they consider should or should not be pursued.

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4.   Departmental Capability

Programme & Project Management

- Across all jurisdictions, almost all government policy is delivered through a project or programme in one form or another. Good project delivery is vital to turn policy into practice and deliver public services that help improve the lives of citizens. This is particularly true of the department, where project delivery lies at the heart of service delivery. In short, the ability to deliver projects and programmes on schedule, on budget and to the agreed specification (time, cost & quality) should represent one of the department's key outcomes and measures of success.

- The Association for Project Management (APM) states that good governance has the largest part to play in the successful outcome of projects and consequently, it should be a strategic imperative for all organisations delivering complex projects.

- It was not part of our terms of reference to look at existing and historic departmental project delivery or the project methodologies e.g. Prince 2, MSP, Agile, etc. used to support delivery of projects. Nonetheless, in the context of looking at departmental capacity and capability, and, in particular, delivery of the capital programme, we have considered the relevant elements of the departmental project management process and in particular, the administration and governance of that process.

4.   Departmental Capability

Programme Governance

- The top level of programme governance is provided by SACIC who provide oversight and co-ordination of government's capital programme. In the first instance, bids for capital projects are made through SACIC who consider individual business cases for funding. In effect, SACIC act as the Investment Decision Maker recommending the allocation of budgets for capital projects to Treasury.

- The approved capital programme (including a forward programme) is published in the Treasury Pink Book. Table 69 in the Pink Book lists 65 construction related schemes in 2021/22, 4 of which have an in-year spend of greater than £3m.

- Once approved the department delivers its programmes and projects primarily through two separate project functions with different characteristics and approaches.

- The first is the Project Management Unit within Public Estates and Housing. And the second sits in Highways Services.

4.   Departmental Capability

Project Management Unit – Background & Context

- In 2015 Treasury approved the creation of a departmental Project Management Unit (PMU) utilising the resources of the Treasury's Capital Projects Unit (CPU). The aim of the of the new PMU was to provide project co-ordination and support for all government project management activity. One of the major successes of the former CPU was the monitoring and control of government's capital projects to ensure that they were delivered on time, within budget, to quality and ultimately meeting the objectives of the Business Case.

- Within the *Procedures Notes for Management of Construction Projects* written by CPU and published by Treasury in 2012, there was a significant governance role within individual projects role for the CPU e.g. around changes to design briefs or contract variations. We noted that the 2012 procedures remain extant even through CPU has not existed since 2016 and the governance processes in them are out of date.

- A further historic role of the CPU was to act as a Centre of Excellence promulgating advice, guidance, development and support for the management of projects. This role effectively lapsed on transfer to the department although the current Director of Projects aims to provide information, advice and guidance on all aspects of project management to client organisations.

4.   Departmental Capability

- Although the PMU provides information, advice and guidance to client organisations and is, for all intents and purposes, the primary source of infrastructure, construction project management expertise across government, its primary focus is now on project delivery.   Whilst the PMU also provides a reporting function for parts of the capital programme, it is not a Programme Management Office (page 42) for the whole of the departmental capital programme and it does act – nor have the resource to act – as a fully functioning Centre of Excellence.

- In terms of project management capacity, the current PMU project management complement comprises the Director of Projects, 2 x Senior Project Managers and 2 x Project Managers plus some additional support staff. Four of these roles are held by professionally accredited Project Managers, a fifth is deemed to be qualified through relevant experience. There is also a graduate trainee.

- We also noted that PMU's interactions and engagement with projects delivered by Highways Services was limited with interactions described as primarily maintaining a watching brief.

4.   Departmental Capability

Highways Services

- Highway Services are responsible for highways and related construction projects. Many of these will be relatively small and straightforward and comprise minor capital works or planned maintenance. Whilst these need good project governance, they may need a lighter touch both in terms of senior management input, and in terms of elaborate project management arrangements. However, some projects are more complex, costly or riskier. Even allowing for the fact that projects over £3m will in future fall under the stewardship of the Cabinet Office's, Major Projects Unit, there will still remain a number of projects which will require a greater degree of senior management oversight within a more elaborate project management framework, because of their relative complexity. In short, project management arrangements which are proportionate to project cost and risk.

- Within Highways Services projects are managed and co-ordinated by a cadre of civil and highways engineers. Most, if not all, of those staff will have some degree of project management skill and experience. However, it is unclear whether any of these staff are formally accredited Project Managers.   As outlined in section 3, there is no easily accessible or comprehensive database of the skills and qualifications currently held by departmental staff.

4. Departmental Capability

Project Delivery

- In judging project delivery capability, the key questions that need to be considered are as follows:

    - Is there an effective, integrated project management, assurance and governance process throughout from policy development to delivery lifecycle of a project, proportionate to levels of project cost and risk?

    - Are there the necessary levels of governance in place to support project delivery and provide the necessary levels of assurance that projects will be delivered?

    - Does the department have enough qualified project management resources to support and deliver the capital programme?

4.   Departmental Capability

- We saw no evidence that projects were underpinned by an effective, integrated project management, assurance and governance process throughout the policy to delivery lifecycle of a project, proportionate to levels of project cost and risk. This latter point is particularly important because many of the projects, such as replacement of doors and windows, whilst still requiring careful management, do not demand elaborate project management arrangements similar to those that would be required by a major construction project. The issue here is not the absence of project management and governance arrangements, it is the effectiveness of those arrangements.

- In Annex D we set out details of key roles in a project delivery context.

4. Departmental Capability

- In the absence of workforce plans, our albeit limited skills analysis shows that the department is not strong enough in key project delivery and commercial competencies, such as project planning and management, benefits realisation and contract management. In short, it lacks the skills (accredited project managers), management (weak project management), and resources (staff numbers) to deliver the current programme.

- In saying that, we should acknowledge that the department's view is that it delivers at least 80% of its projects on time, within budget, to quality, and ultimately meeting the objectives of the Business Case. This may or may not be the case. However, we saw no evidence that any post project evaluation or reviews of completed projects being undertaken, both to ensure they have delivered and realised the intended benefits and more importantly, to routinely capture learning from completed projects. On this note, we have set out in Annex E principles of best practice governance in a project management context

4.   Departmental Capability

- Our terms of reference specifically require us to take a view on future operational resource requirements in relation to the work of the PMU. The results of that review and analysis is outlined in section 5.

- In section 3, we highlighted that fact that whilst there is a shortfall in the number of posts available to support project delivery, there is also clearly a lack of capability in terms of posts with the requisite professional skill-sets and competences required to support that delivery (delivery capability).

- Aside from specific programme and project management skills, we also identified a lack of commercial and contract management, project financial management, and stakeholder management skills critical for good project management. This is compounded by the fact that the Island's supply chain is weak. Put simply, the option of simply 'buying in' additional resource from the private sector is a limited option given both a shortfall in the quantum and capability of the supply chain. The same is also true for other elements of infrastructure and construction delivery where the supply chain is unable to easily meet demand or deliver projects to a sufficient level of quality.

- This issue of failings in the supply chain has long been recognised as a risk to project delivery. We would also go so far as to say that it represents a strategic risk to both the department and government. Yet, despite the long-standing risk posed by failings in the supply chain, we saw no evidence that this issue was being tackled in any meaningful way.

4.   Departmental Capability

Conclusions – Project Delivery

- This capability gap reflects a significant risk to the department in terms of the delivery of its capital investment programme. In the absence of a short-term solution to that capability gap, the department needs to prioritise its projects. Every project should have an assessment of the project management capability required to deliver it and how that capability will be filled. This should then support the Portfolio Director, Senior Responsible Owner, the Accountable Officer and the Minister when approving projects to start or when major changes are made.

- The department also needs to assess how best, or make clear to what extent, they can obtain resources from the private sector to fill capability gaps. Given supply chain limitations a workforce plan with a stronger focus and emphasis on development, talent management and recruitment needs to put in place as a matter of urgency.

4.   Departmental Capability

Strategic Planning, Business Planning & Performance Management

- The way government plans and allocates resources is critical to improving the efficiency and effectiveness of public spending. To deliver value for money there needs to be an integrated planning and spending framework which provides: robust realistic plans, with clear priorities; long-term clarity on funding that supports departments; good understanding of outcomes and monitoring of performance against them in-year; and the ability to identify new priorities and reshape plans systematically in light of events or performance.

- As outlined in the following pages, Treasury has taken the lead in requesting CoMin approval and direction to initiate a series of actions to set in place enhanced arrangements for the planning, governance, financing, management and investment in Infrastructure assets.

4.   Departmental Capability

- The aim is to create a more focused delivery approach which allows for:

  - Enhanced oversight and governance arrangements to be implemented for 2021/22.

  - Evidence for policy decisions and the production of a Strategic Infrastructure Needs Assessment for the commencement of the next Government in late Autumn 2021, with delivery commencing in 2022/23.

  - A longer-term strategic financing plan, linked to the strategic infrastructure plan, for implementation from 2022/23.

  - The required co-ordination, capability and capacity to be put in place to deliver the required level of maintenance and capital investment required.

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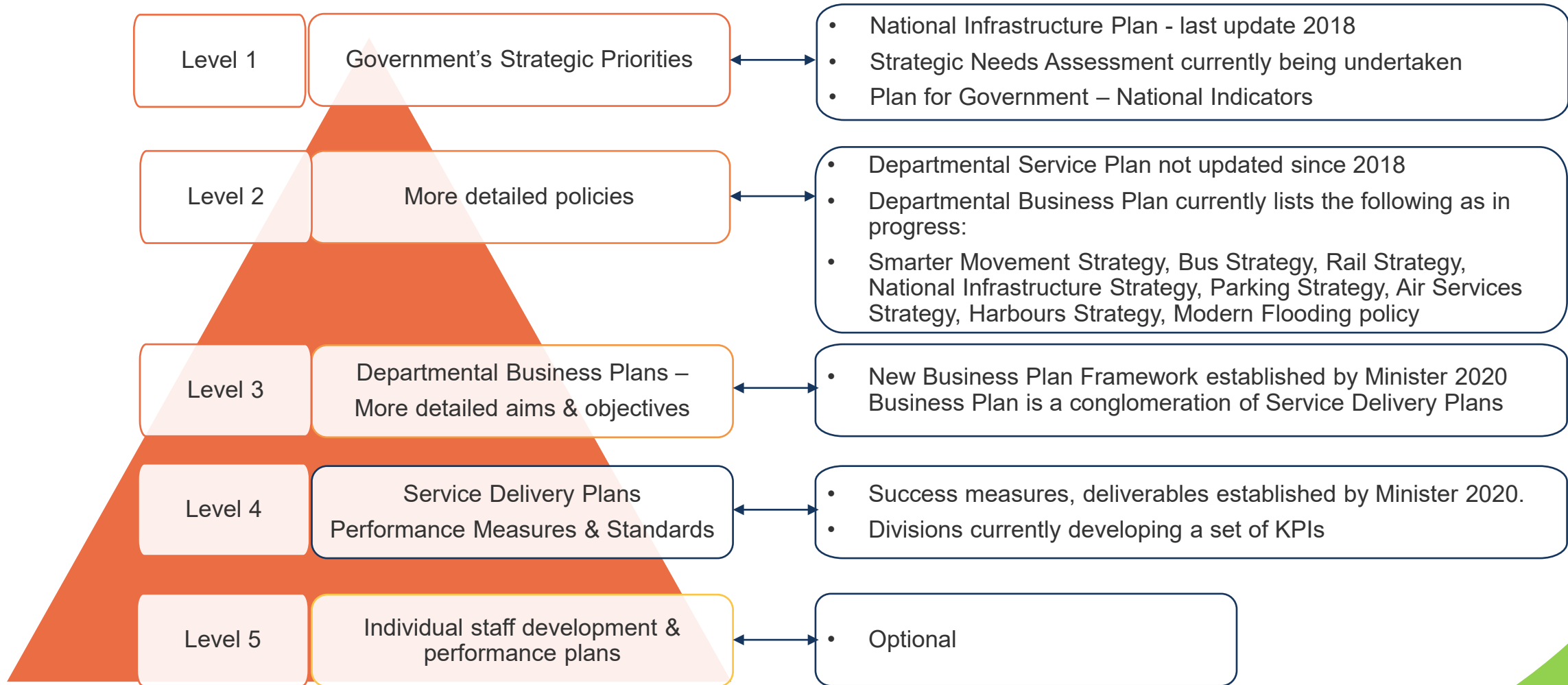
4.   Departmental Capability

- As well as better supporting Treasury and Government decision making on investment, the Strategic Needs Assessment which has recently been commissioned (April 2021) will also better support the department in developing strategies and policies, and roles to manage Infrastructure assets to meet priorities, operational and service needs, and provide sustainable outcomes.

- In this regard, an end to the 'stop/start' year-on-year funding' of the capital programme, which makes long-term planning in an Infrastructure context more difficult, is undoubtedly a welcome development. The current pattern of funding, combined with the need to spend money within the financial year, is not conducive to achieving value for money.

- However, more needs to be done to improve business planning and performance management both in an organisational and individual context.

4.   Departmental Capability

- The model overleaf (Figure 3) is a standard model of Business Planning that is common to the public sector in most jurisdictions. There will be variations to the model to reflect individual jurisdictional approaches to business planning and performance management. However, the golden thread that links the model is to show how high-level business plans should cascade through an organisation from the strategic to the individual.

- The left-hand side of the model illustrates the typical levels of cascade from the strategic to the individual, whilst the right-hand side shows how the cascade currently operates in a departmental context. As can be seen there are a number of elements missing from, or only partially reflected in the cascade. At a strategic level it is questionable how far the National Infrastructure Strategy and indeed the Programme for Government, provide the strategic planning framework for the medium term and beyond, which will allow the department to make achievable plans. However, in saying that, we should acknowledge that the Treasury have, as we outlined on page 67, taken steps to put an enhanced strategic management framework in place.

- Policies such as they exist, are largely in transition which is not surprising if the strategic direction is not clear. The departmental Business Plan and Service Delivery Plans are largely one and the same, and performance measures to help identify the important dimensions of each input, output or outcome are weak.

4. Departmental Capacity

Figure 3: Cascading Business Planning Model

Level 1	Government's Strategic Priorities

- National Infrastructure Plan - last update 2018
- Strategic Needs Assessment currently being undertaken
- Plan for Government – National Indicators

Level 2	More detailed policies

- Departmental Service Plan not updated since 2018
- Departmental Business Plan currently lists the following as in progress:
- Smarter Movement Strategy, Bus Strategy, Rail Strategy, National Infrastructure Strategy, Parking Strategy, Air Services Strategy, Harbours Strategy, Modern Flooding policy

Level 3	Departmental Business Plans – More detailed aims & objectives

- New Business Plan Framework established by Minister 2020 Business Plan is a conglomeration of Service Delivery Plans

Level 4	Service Delivery Plans Performance Measures & Standards

- Success measures, deliverables established by Minister 2020.
- Divisions currently developing a set of KPIs

Level 5	Individual staff development & performance plans

- Optional

4.   Departmental Capability

- That is not to say the department does not seek to plan, develop policies or manage performance. Indeed, a great deal of senior management effort both collectively and individually has gone on, and continues to go on, in seeking to develop, plan and manage departmental performance. The table below illustrates the various set-piece events that currently take place focusing on various aspects of performance management.

Table 1: SMT Meetings

Meeting	Frequency & Attendance	Purpose
Senior Management Team (SMT)	• Bi-monthly. • 1 x SMT meeting to which Business Partners are invited. • 1 x SMT reserved to direct reports to Chief Executive (Directors and Deputy Chief Executive (DCE))	• Departmental management & governance including performance monitoring
Departmental Political Meeting	• Monthly • Dept. Minister & Members • Directors and DCE	• Departmental management & governance including performance monitoring
Policy & Strategy Meetings	• Frequency unknown • Dept. Minister & Member(s) • Directors and DCE	• Forum for discussion on policy and related issues
Divisional Meetings	• Bi-monthly • Chief Executive & Member • Relevant Director & divisional Senior Leadership Team	• Divisional management & governance including performance monitoring
Budget & Performance Meetings	• Monthly • Chief Executive, Finance Director & individual Director(s)/DCE	• Departmental financial and management governance including performance

4.   Departmental Capability

- The issue here is the extent to which that effort is dissipated given the structure of the department, the scope of its remit and the approach to planning and performance management adopted by the department. This naturally begs the question as to what are the overall aims and objectives of the department and its mission as a department?   As we set out in section 2, the department essentially consists of a number of discrete service providers. Yet, it is effectively managed as a conglomerate. This conglomeration approach is mirrored in the planning and performance management framework and the management approach with the Chief Executive and the senior management team seeking to develop, manage, plan and co-ordinate service delivery as a conglomerate.

- Fundamentally, in a departmental context, there should only be two core levels of planning and performance management. The first level is largely strategic and should focus on how the department i.e. the Centre, intends to deliver government's strategic plan including the development of policies that will support delivery of those strategic objectives. The second level is largely operational and should comprise service delivery plans for each discrete operating unit which include measures of outputs, processes and inputs which deliver service delivery outcomes.

- Looking forward, a restructured department should naturally lead to a more focused approach to planning and performance management as outlined above.

4. Departmental Capability

Individual Staff Performance & Development

- There is one level of the Cascade Business Planning Model that we have not yet commented on – level 5, individual staff development and performance plans.

- Our understanding is that OHR requires – but does not seek to check or enforce – a requirement for all government departments to operate a process of individual performance management. Two main tools are available, the legacy Performance & Development Review Process (PDR) or its replacement, the 3 Cs Process.

- The latter focuses on Capability, Credibility and Character and is a framework designed to support positive personal development for employees. The 3 Cs process can operate with or without the setting of objectives. A rated outcome is not required from the use of any of these tools. No data is currently collected centrally on the use or application of any of these tools, however, an on-line portal is being trialled that when implemented across departments will provide OHR with data on which tools are used across departments and to what extent.

4. Departmental Capability

- It is up to each department to determine if it wishes to use any of these tools and how they do so. In the department we are not aware that the old PDR system is in use but have evidence that both forms of the 3 Cs process operate. Whereas we understand that former Whitley Council staff are not obliged within their terms of reference to take part in performance management systems, there is some evidence that staff at these levels are involved in the process to some extent.

- In our view, an effective performance management approach that aims to ensure that an employer gets the best out of its people is vital for operational success and improvement. Yet, the main focus of the department seems to be on managing individuals to do their job and to respond strongly to problem employees by engaging capability and discipline procedures.

- We believe that an objectives-based approach to performance management focused on performance improvement should be considered and implemented. In order for performance management to have its fullest effect on an organisation it needs to be 'owned' by staff. Involving staff in setting the performance measures helps, so they can understand how their actions impact on the measures, and so contribute to the objectives of the organisation. Ideally there should be a clear 'line of sight' between individuals' targets and the aims and objectives of the organisation - so it is clear how one set of measures connects to another. It is particularly important to install a sense of ownership and be clear about responsibilities.

4.   Departmental Capability

- Managers also need to demonstrate that the performance information is used, that the results are analysed, and changes in the organisation's performance are monitored. This will help motivate those whose performance is measured by the information.

- There is also a lot of evidence to suggest that UK local authorities which have been the most successful are those that have moved to a 'performance improvement' culture. To achieve this there needs to be a performance management framework in place which focuses on individual performance and development.

4. Departmental Capability

Policy & Legislation

- Policy-making is the development of priorities and ideas into options for the Minister to determine which options should be translated into practical action and put forward to Tynwald.

- In an Isle of Man context, policy-making also includes the implementation of CoMin's decisions by departments, as the basis for delivering services or other outputs to bring about desired outcomes. These include, for example, goals to bring about better services. These policies are typically implemented through departments or other organisations such as utility providers and local authorities, or through partnership arrangements.

- A policy may also be a response to an external event, for example, Covid; it may also arise from a new idea or initiative such as climate change; or it may be a modified version of a long-standing policy made possible by new forms of service delivery.

- Policy-making is rarely a simple process. It often involves reconciling conflicting priorities and risks and, therefore, requires careful judgement to arrive at the most cost-effective policy option and to determine how to implement and maintain it over the longer term so that sustainable outcomes such as improvements in service delivery are achieved.

4.   Departmental Capability

- Legislative developments link closely to policy developments. Indeed, policy developments typically drive the need for new or additional legislative provision. Where this is the case departmental policy staff are responsible for preparing instructions for the Attorney General's (AG's) Chambers. These instructions should allow the AG's legislative drafters to draft the bill or relevant order. Instructions to AG's Chambers should set out the background and relevant current law and explain the changes in the law to be brought about by the bill. Once the drafters feel they have a clear idea of the policy, they will send drafts to the department for further discussion and await comments. This process of drafting and commenting on drafts will continue until the legislative drafters and the department are happy that the right result has been achieved by the draft in the clearest possible way.

- In a departmental context, policy development including linked legislative provision is a significant requirement which mirrors the breadth of the department's responsibilities. Given its significance, the issue here is how well is the process of policy development and associated legislative developments managed and co-ordinated by the department?

4. Departmental Capability

- As far we can ascertain responsibility for policy and associated legislative developments rests with each individual service provider with support provided by the Central Support & Change Team. The extent to which each individual service provider and the Central Support & Change Team have the capacity and the skill-sets to effectively develop policy and support the required legislative developments is unclear. However, the fact that a significant number of departmental policies are still a work in progress and recent legislative developments have required a significant amount of amendment, would indicate that departmental processes for managing and co-ordinating policy and legislative developments needs to be reviewed.

- Indeed, on this particular issue, the views of the senior management team (SMT) were unanimous. As service providers charged with delivery of providing services the view of the SMT was that responsibility for developing, managing and coordinating policy and linked legislative provisions should fall to the Cabinet Office.

- In part, we would agree and support this viewpoint. Departmental service providers should not be responsible for taking forward and developing policy and associated legislative developments. However, the suggestion that this should be the responsibility of the Cabinet Office is, in our view, wide of the mark. Policy cannot be developed in isolation particularly where the development of that policy relies on the input of professional specialists. Policy insufficiently informed by practical experience would be rightly criticised.

4.   Departmental Capability

- As service providers are in many instances, responsible for implementing policy and any legislative provisions that flow from those policies, it is essential that policy is informed by a professional view of what is pragmatically possible. And whilst others will judge what is politically possible as well as pragmatically deliverable, one without the other is almost certain to lead to policies, and possibly legislation, which is dysfunctional. In short, a greater emphasis on policy design will help ensure that planned actions represent a realistic and viable means of achieving policy and strategic objectives.

- In our view, it is the department which should take the lead on developing, managing and co-ordinating policy and linked legislative developments informed and supported (but not led by) those who have the professional expertise and acumen to advise on what it is required to meet policy objectives.

- On this note, we would also draw a distinction between operationalising policy and developing policy. The department currently operates a process where matters of policy are discussed at a Policy & Strategy forum. That forum considers both more substantial policy development issues e.g. Bill for the Registration of Landlords of Private Rented Dwellings, as well as issues which relate to departmental policy and practice.

4.   Departmental Capability

- Looking ahead, the proposed re-structuring of the department will allow matters of strategy, policy and linked legislative developments to be developed, managed and co-ordinated by the Centre of the department whilst those charged with service delivery will support the process through the provision of professional support and input.   Operational policy matters which relate to the delivery of service provision will remain the responsibility of the service providers and the COO.

- Finally, one question remains: does the department have the capability and capacity to effectively develop, manage and co-ordinate matters of strategy, policy and linked legislative developments? And it is to this question we now turn.
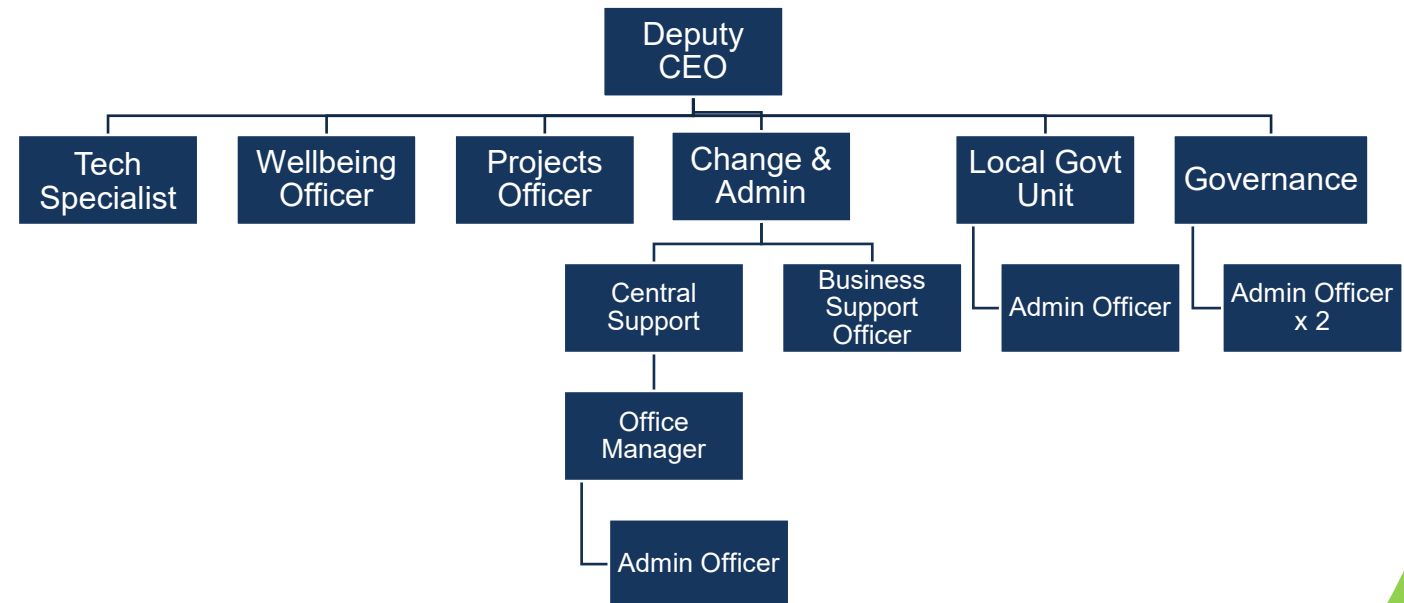
4. Departmental Capability

- Like any other profession, policy-making in the government arena requires a particular skill-set including:

  - Well developed presentation skills.

  - An understanding of project management disciplines to keep policy work on track.

  - An ability to manage risks, and a grounding in economics, statistics and relevant disciplines in order to act as 'intelligent customers' for complex policy evidence.

  - Political instinct, experience and good judgement.

  - The ability to draw on many sources of information and analytical skills such as analysis of trends in quantitative and qualitative data.

  - Foresight and insight to identify problems.

  - Creativity and the ability to contribute ideas to tackle policy problems and identify practical solutions.

4. Departmental Capability

- This is a more detailed resource question but looking at the current organisational structure of the Central Support & Change Division it is not obvious where the capacity and capability lies to effectively develop, manage and co-ordinate matters of strategy, policy and linked legislative developments.

- We have not been able to identify any other staff resource dedicated to matters of strategy, policy and linked legislative developments.

Central Support & Change Division

4.   Departmental Capability

Communications & Engagement

- For a public facing department communications and engagement which promotes understanding of local priorities, challenges misconceptions and supports service delivery is not an option. Telling people clearly what you are doing, when you will do it, when decisions will be taken (and how they will know what they are) are all important.   And if you don't know these things, then letting people know this too, to avoid a risk that people think things are happening but are shrouded in secrecy or that they are being excluded, is essential.

- As part of any service delivery operation, it is important to have a communication and engagement strategy setting out the key stakeholders together with the methods and channels of communication that will be used to communicate. Communication that is prompt, regular, honest and consistent across all areas of service delivery must be a maximum requirement not a minimal requirement.

- To be frank, everyone we spoke to during the course of the review including members of the senior management team acknowledged that communication and engagement was an area where there was significant room for improvement.

4.   Departmental Capability

- The development of a well thought through and documented communication and engagement approach involving the public, communities and other stakeholders is clearly the right thing to do and will ensure services meet the needs of the population.

- However, throughout our albeit limited engagement with the department we did not get the sense that collaborating, working in partnership with stakeholders, communities and the public to ensure that concerns and aspirations were consistently understood and considered, for example, through reference groups, service user forums, obtaining community and individual feedback formed an integral part of departmental service delivery thinking.

- We saw little evidence that engagement with the end user either in terms of consultation (beyond statutory requirements), or providing communities and individuals with balanced and objective information to assist them in understanding problems, alternatives, opportunities, solutions, for example, through websites, newsletters and press releases, formed a key part of the service delivery requirement.

4. Departmental Capability

- As part of a move to modernise and professionalise the communications function within the civil service, a Communications Unit was established within the Cabinet Office to provide a more strategic approach to communications. The Communications Unit and individual service delivery units need to engage more systemically with one another. To that end, service delivery units should collaborate in a substantive and timely manner, especially in ensuring that the Communications Unit is kept fully informed of, and involved in, significant plans and developments.

- For its part, the Communications Unit should demonstrate the value-added it can provide in supporting the delivery and promotion of departmental programmes, including through the provision of guidance and assistance on promotional campaigns. In short, the Communications Unit and the department need to operate more seamlessly together. In this regard, there seems to be a lack of understanding that exists between the department and the Communications Unit on how the latter can assist in providing guidance and support to the department.

- Responsibility lies in both directions for ensuring that the Communications Unit and the department work together on issues of common cause.

5.   Resourcing the Project Management Unit

Introduction

- As outlined previously, as part of the new approach to capital financing and delivery approved by CoMin 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 the Major Projects Unit .   Responsibility for the delivery of all other capital projects across government would become the responsibility of the department subject to a review of departmental capacity and capability requirements.

- To this end, we have worked with the Director of the PMU using Treasury Pink Book data to look at and gauge the resource requirements of the programme. Excluding existing projects nearing completion and existing projects where an external project manager is already in place, we have identified 79 projects below £3m (which are planned to commence in the 2021/22 financial year and for which the department will be responsible for delivering (see Annex C).

Beamans
management consultants

5. Resourcing the Project Management Unit

Determining Numbers & Grades

- In determining the level of project management resource required to deliver the programme we have made an analytical estimate of the likely inputs required. Given the nature of projects this estimate represents what we consider to be the number and grade levels of project management roles required to meet future programme requirements.

- In determining the grade level of roles within the PMU we have applied the following conventions which are commonly applied to roles in the project management discipline. In a project management context grades are aligned to the level of project complexity.

- Project complexity is influenced by a range of factors. Projects with a low level of complexity are generally characterised by having a high degree of certainty, are smaller in size, have clear stakeholders and can be managed using standard procedures and methodologies.

- Projects with a high level of complexity are generally characterised as having a high degree of uncertainty, are large in size, politically sensitive, technically complex, have a large number of stakeholders and often need procedures and methodologies to be adapted to suit unique situations.

- Table 2 overleaf outlines the typical levels of job challenge associated with each grade levels in a project management context.

5.   Resourcing The Project Management Unit

Table 2: Civil Service Grades Relative to Project Complexity

Civil Service Grades		D400 (EO)	D500 (HEO)	D600 (SEO)	Grade 7	Grade 6
Project Complexity		Low	Moderate	High		Very High
Typical role responsibility	Delivery	• Create and lead the project to deliver the agreed outcomes within time, cost and quality constraints.		• Create and lead the project to deliver the agreed outcomes within time, cost and quality constraints.		• Accountable to the SRO for creating and leading the project to deliver the agreed outcomes within time, cost and quality constraints.
	Project Management	• Day to day management and leadership of the project and the project team. • Set project controls. Design the project structure appropriate to stage. Select and apply appropriate delivery methodologies.		• Day to day management and leadership of the project and the project team. Provide effective leadership and management controls. Set project controls. • Design the project structure and organisation appropriate to stage. Set appropriate delivery methodologies. Manage effective transition between project phases.		• Day to day management and leadership of the project and the project team. Provide effective leadership and management controls. Set project controls and 'stop / go' decision points. Design the project structure and organisation appropriate to stage. Set appropriate delivery methodologies. Manage effective transition between project phases.
	Business Case	• Coordinate development of the Business Case.		• Develop and draft the Business Case, with input from specialists as necessary.		• Develop the Business Case.
	Budget	• Track delivery within budget.		• Develop the budget and track delivery within budget.		• Develop the budget and track delivery within budget.
	Resources	• Schedule / manage resources to deliver the project. May work independently or with a small team.		• Identify skill requirements; and deploy and develop resources. Manage medium sized team.		• Identify skill requirements at all stages of the project, recruit resources within budget constraints, oversee effective deployment of resources including: building the project team; delegation of roles and responsibilities; developing capability and fostering innovation.

5.   Resourcing the Project Management Unit

- Table 3, page 91, details our analytical resource estimate of project management inputs required by the PMU to deliver the portfolio of projects in the Pink Book in 2021/22. Our estimate indicates a shortfall of approximately 7 posts with the requisite project management expertise.

- However, this estimate pre-supposes that all the projects listed in the Pink Book can be delivered in 2021/22.   Clearly, the budget allocation exceeds the department's delivery capability by some margin. This begs the wider question as to how much can realistically be spent on infrastructure assets each year given existing resource levels. The broad trend (Treasury estimate) is that approximately £70m per annum is spent, but the allocated programme can be much higher than this. In 2020/21 it was £160M.

- Therefore, in determining the level of project resource required the key driver has to be on what is deliverable not on the level of funding that is available. A further complicating factor is the availability of individuals with the requisite skill sets making it unlikely that the department could recruit to these posts even if was minded to do so.

5. Resourcing the Project Management Unit

- As stated earlier on page 65, in the absence of a short-term solution to that capability gap, the department needs to prioritise its projects. The department also needs to assess how best, or make clear to what extent, they can obtain resources from the private sector e.g. through framework agreements, to fill that gap.

- Again, given the supply chain limitations also outlined previously, a workforce plan with a stronger focus and emphasis on development, talent management and recruitment needs to put in place as a matter of urgency.

5.   Resourcing the Project Management Unit

Table 3: Project Management Resource Estimate

Role	Existing	Estimated	Increase
Director of Projects	1	1	-
D600 (SEO)	2	2	-
Senior Architect	1	1	-
D500 (HEO)	1	**4.65**	**3.65**
Graduate Project Manager	1	1	-
Assistant Project Managers D400 (EO)	0	**3.5**	**3.5**
Total	6	**13.15 (13.00)**	**7.15 (7.00)**

5.   Resourcing the Project Management Unit

Project Resources within other Government Departments

- As part of the review process we also spoke to those across government departments who act as the commissioner and 'intelligent client' for project work within their organisations. These were:

  - Director of Infrastructure, Dept. of Health & Social Care (DHSC)/Manx Care

  - Estates Director, Dept. of Education & Sport & Culture (DESC)

  - Property and Infrastructure Manager, Dept. of Environment, Food & Agriculture (DEFA)

- The roles above primarily operate as singleton roles in relation to project management and they have evolved and interact with the department in different ways.

- Within DHSC the primary focus of the Director is on ensuring the department provide an effective day-to-day soft and hard facilities management service, including the oversight of minor capital works programmes. The Director is also involved in developing business cases and specifying the design of services for DHSC capital projects that are delivered either through the PMU or through external project managers.

5.   Resourcing the Project Management Unit

- In DESC the role of the Estates Director is also focused on facilities management and maintenance across the DESC estate including minor capital programmes. For capital projects the role-holder will develop options and business cases for sign-off by the CEO of DESC for submission to SACIC.

- In parallel, the role-holder will engage with the PMU in particular around design, etc. The role-holder will also engage with the Director of PMU to ascertain whether there is PMU project management resource available to deliver the project. If resource is not available, the role-holder will procure external project management resource.

- The current role holder has a background in quantity surveying and is member of the RICS (Chartered Surveyor). On occasions, the role-holder will undertake project management activity themselves. For example, in the absence of the the PMU project manager on maternity leave, the role-holder stepped in to undertake some project management functions for both the NSC Pool and the QEII Science and Technology Block developments.

- In DEFA, the Property and Infrastructure Manager is a member of the Chartered Institute of Builders and has considerable relevant experience. Like others, the role-holder liaises with the department over facilities issues and projects and minor capital works, and engages directly with the department on larger capital projects, for example, on cliff stabilisation and reservoir work. The role-holder also undertakes some project management functions directly.

5.   Resourcing the Project Management Unit

- These role-holders principally act as project sponsors for capital projects commissioned by their respective departments, but on occasion, some of them will step into a project management role particularly when support either cannot be provided by the PMU, or cannot be provided in a timescale which suits departmental needs. Our understanding is that none of these role-holders are formally accredited project management professionals

- However, the key point here is that there is no additional project management resource across government that could logically be transferred to the department's PMU. Essentially, these are individuals tasked with commissioning services from the PMU in support of capital projects. In effect, they are the client. And the concept of a client department and a nominated individual within that department responsible for interacting with the PMU to secure project management delivery will always remain

6.   Ancillary Issues

Introduction

• A review of any department much less one the size of the DoI will raise a wide range of issues relating to aspects of management, organisation and delivery. This review is no exception. However, many of the issues raised although pertinent to wider questions of departmental organsiation and not without merit, fall outside our terms of reference.

• We have, as far as practicable, endeavoured to stay within our terms of reference commenting only on those issues that are relevant to questions of capacity and capability and linked issues of management and governance. In making this point, we are not suggesting that our terms of reference were too narrowly defined. Indeed, if the terms of reference were any wider the review would have become too unwieldy. However, in the following paragraphs we highlight those issues which were brought to our attention but fall outside our terms of reference.

6. Ancillary Issues

Individual Project Delivery

- Many consultees drew our attention to particular projects notably the Promenade, the Liverpool Ferry Terminal and the NSC, as well as work to prevent flooding in Laxey.   Whilst there are clearly lessons to be leant from these projects our remit does not extend to considering the project management and governance arrangements in relation to these projects. However, our report does draw attention to approaches for the management, governance and delivery of projects including how those approaches could be improved.

Single Legal Entity

- There was a view that the role of the department could and should be considered in relation to organising government as a Single Legal Entity. In short, whether the departmental system remained the most appropriate structure for effectively delivering public services, or whether an alternative approach is required to achieve greater flexibility and more integrated working across government. This issue was clearly outside our terms of reference.

6.   Ancillary Issues

The Constitution of the Department

- This issue attracted the most comment with a variety of views being expressed as to how the work of individual service providers should or should not be managed either as part of government (and which part of government); as separately constituted arm's length bodies; or as independent operators.

- Whilst we did not view our remit as extending to the corporate designation of individual service providers the fact that we make no recommendations on this issue should not be interpreted as a recommendation that the status quo should continue to pertain. Questions as to whether each individual service provider should or should not remain part of the department (and which part of government), or be designated as separate corporate entities is a wider question which is outside our terms of reference.

- However, it should be noted that our proposed re-structuring will not hinder any future decisions Tynwald may wish to take as to the future constitution or corporate designation of any individual part of the department.

7.   Conclusions

Introduction

- The component elements of a Capacity and Capability review are summarised in the Table 4 overleaf together with a summary of where the department is positioned in relation to each of those elements.

- However, the most significant weakness is the departmental structure.   As we outlined in section 2, the current structure does not support the effective development, management and co-ordination of service provision, nor does it support the development of key longer-term, strategic, policy developments which are critical in an Infrastructure context.

- In our view the department needs to be re-structured to enable those charged with service delivery for key services to focus on the development and delivery of those services. By contrast, the focus of the department should be on providing clear strategic direction within a policy and resources framework which addresses key infrastructure issues in the medium, long-term.

- Finally, we would add that many of the issues listed overleaf represent service wide challenges and are not exclusive to the department. For example, identifying appropriate performance indicators and moving from measuring activity to outcomes remains an on-going area of challenge for most departments. However, the degree of challenge posed by these issues will vary from department to department.

7. Conclusions

Table 4: Summary Findings

Strategy	Issues
Setting Strategic Direction – Policy and Strategy inputs	• Strategic direction still a work in progress • Policy framework(s) still a work in progress • Legislative developments need to be managed and co-ordinated more effectively
Managing Delivery	**Issues**
Performance Management	• Performance management framework still a work in progress needs a stronger focus on output and outcome measures • Needs better dashboards which provide better performance information relative to management level
Operational Delivery	• Operational focus largely reactive and transactional • Fundamental capacity and capability weaknesses in project management both in process and resource terms • Fundamental weaknesses in the supply chain impacting ability to deliver projects – this is a key strategic issue which needs to be addressed
Governance	• Conglomerate management approach not suited to managing service delivery across a range of diverse service delivery providers
Managing Resources	• No workforce plans nor linked skills audit • No framework outlining key skill & competency requirements and no identification of gaps and development strategy to fill those gaps - no competency development programme • Management of individual performance optional
Communications & Engagement	• Needs a fresh approach

Annex A: Terms of Reference

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.

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 1st 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

Annex A: Terms of Reference (cont.)

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.

Annex B: Consultees

Consultee Name	Role / Job Title
Nick Black	Chief Executive Officer Department of Infrastructure
Ray Harmer	Member of the House of Keys Minister for Change and Reform
Chris Robertshaw	Member of the House of Keys Member of the Environment and Infrastructure Policy Review Committee
Rob Callister	Member of the House of Keys Member of the Department of Infrastructure
Babs Cowley	Finance Business Partner for Department of Infrastructure Treasury
Julie Edge	Member of the House of Keys Former Member of Department of Infrastructure
Alfred Cannan	Member of the House of Keys Treasury Minister
Tim Baker	Member of the House of Keys Minister of the Department of Infrastructure
Jason Moorhouse	Member of the House of Keys Former Member of Department of Infrastructure
Marlene Maska	Member of the Legislative Council Member of Department of Infrastructure
Jane Poole-Wilson	Member of the Legislative Council Alternate member of the Environment and Infrastructure Policy Review Committee (for the purpose and duration of the Committee's consideration of the Douglas Promenade Scheme)
Clare Barber	Member of the House of Keys Member of the Environment and Infrastructure Policy Review Committee
Bill Shimmins	Member of the House of Keys Chair of Strategic Assets and Capital Investments Committee
Michelle Clegg	Strategic Human Resources Business Partner for Department of Infrastructure Office of Human Resources

Annex B: Consultees (cont.)

Consultee Name	Role / Job Title
Andrew Sidebottom	Director of Strategic Asset Management and Valuations Treasury
Barbara Scott	Director of Infrastructure Department of Health and Social Care/Manx Care
Linda Wheeler	Acting Human Resources Business Partner for Department of Infrastructure Office of Human Resources
Richard Collister	Estates Director Department of Education, Sport and Culture
Oliver O'Meara	Property & Infrastructure Manager, Agriculture & Lands Directorate Department of Environment, Food and Agriculture
Nigel Crennell	TT Production Manager Department for Enterprise
Howard Quayle	Member of the House of Keys Chief Minister
Ian Longworth	Director of Transport Services Division Department of Infrastructure
Mark Kenyon	Interim Director of Ports Department of Infrastructure
Jeff Robinson	Director of Highway Services Department of Infrastructure
Paul Slinger	Director of Projects Department of Infrastructure
Annie Reynolds	Director of Ports, Airports Division Department of Infrastructure
Emily Curphey	Director of Central Support and Change and Deputy Chief Executive Department of Infrastructure
Neil Caine	Director of Flood Management Department of Infrastructure
Liz Smith	Executive Director of Legal Services Attorney Generals Chambers
Karen Westcott	Board Secretary and Governance Manager Manx Utilities

Annex B: Consultees (cont.)

Consultee Name	Role / Job Title
Debbie Halsall	Regional Officer Unite, Isle of Man
Mick Hewer	Negotiating Officer Prospect, Isle of Man
Nick Black	Chief Executive Officer Department of Infrastructure
Claire Christian	Member of the House of Keys Member of the Department of Infrastructure
Kate Lord-Brennan	Member of the Legislative Council Former Member of Department of Infrastructure
John Quinn	John Quinn QC, Member of the Legislative Council Attorney General's Chambers
Nicola Pitts	Legal Officer Attorney General's Chambers
Debbie Reeve	Director of Public Estates and Housing Department of Infrastructure
Will Greenhow	Chief Secretary Isle of Man Government
Caldric Randall	Chief Financial Officer Treasury
Jon Callister	Executive Director Office of Human Resources

Annex C: Departmental Pink Book Programme 2021/22

Dept	Project	Total Value (£k)	2021/22 (£k)	Existing PMU involvement	Notes	(Const / Civils)	SPM	PM 1	APM 1	MCW
DESC	Ballakermeen Special Needs and Science				No information business case in development	Construction				
DESC	Castle Rushen High School (Fields)	3,462	1,764	Yes	On site	Civils				
DESC	QEII Science & Technology and Sixth Form (Design)	451	413	Yes		Construction				
DESC	QEII Science & Technology and Sixth Form (Construction)				No information - PMU or MPU?	Construction		Y		
DESC	St Ninians Key Stage 4				No information - Timing?	Construction				
DESC	Ramsey Grammar Arts/Performance				No information -	Construction				
DESC	Onchan Primary School				No information	Construction				
DESC	Scoill Yn Jubilee				No information	Construction			Y	
DESC	UCM - Nunnery Relocation	500		No		Construction			Y	
DESC	UCM - Higher Education Expansion				No information	Construction				
DESC	UCM Hub				No information	Construction				
DESC	Covered Play and Teaching Areas	101	100	No		Construction				Y
DESC	DDA Works to Department Sites	2,403	900	No	MCW and small scale projects	Construction				Y
DESC	National Sports Centre - Pool Hall	4,204	861	Yes	Completion 21/22	Construction				Y
DESC	National Sports Centre - Floodlight Stands				No information	Construction				Y
DESC	Villa - Gaiety - Light and Sound				No information	Construction				Y
DESC	Southern Swimming Pool				No information	Construction				Y
DESC	Castletown Youth and Community Centre				No information	Construction				Y
DESC	Fire Certification Work to Schools				No information	Construction				Y
DESC	School Security	798	376	No	MCW and small scale projects	Construction				Y
DESC	MCW - Regional Pools	1,304	571	No		Construction				Y
DfE	TT Grandstand Development	221	114	Yes		Construction	Y			
DEFA	Kionslieu Lake Discontinuance	500	500	Yes		Civils				
DEFA	Essential Building Maintenance	3,075	550	No	MCW and small scale projects	Construction				Y

Annex C: Departmental Pink Book Programme 2021/22 (cont.)

Dept	Project	Total Value (£k)	2021/22 (£k)	Existing PMU involvement	Notes	(Const / Civils)	SPM	PM 1	APM 1	MCW
DEFA	MCW - National Glens & Footpaths		500	No		Civils				
DHA	Sexual Assault Referral Centre	250	125	No		Construction				Y
DHA	New Emergency Services HQ	958	378	Yes	Options appraisal	Construction		Y		
DHSC	GP Surgery Development - Peel	872	397	Yes		Construction			Y	
DHSC	Redevelopment of Emergency Department, Noble's Hospital	300	300	?	Design stage - PMU or MPU	Construction			Y	
DHSC	Upgrade to Ward 20 Isolation Unit, Noble's Hospital	250	200	?	Design stage - PMU or MPU	Construction			Y	
DHSC	Acute Adult Psychiatric In-Patient Facility (Gedden Reesht)	10,088	1,953	Yes	Refurb project	Construction			Y	
DHSC	Redevelopment of Grianagh Court	11,575	1,320	Yes	Out to tender	Construction			Y	
DHSC	Day Care Services - Eastcliffe	5,564	407	Yes	Almost complete	Construction		Y		
DHSC	Learning Disabilities - Radcliffe Villas	1,729	500	Yes	Design stage	Construction		Y	Y	
DHSC	Older Persons RRU - North	429	392	?	Design stage - PMU or MPU	Construction		Y		
DHSC	Older Persons RRU - Summerhill	11,781	6,168	Yes	On site	Construction		Y		
DOI	Raggatt Landfill	541	331	No	MUA project?	Civils				
DOI	Secondary Waste Incinerator	2,000	200	No	Private sector project?	Civils				
DOI	Special Waste Landfill Facility	1,701	1,629	Yes		Civils				
DOI	Wrights Pit North Landfill	307	307	Yes		Civils				
DOI	Airfield Drainage - Design only	584	584	Yes	Start 21/22	Civils				
DOI	Airfield Drainage - Construction			Yes	Not currently approved	Civils				
DOI	Airport Fire Station - Design only	200	200	Yes	Started	Construction		Y		
DOI	Airport Fire Station - Construction			Yes	Not currently approved	Construction		Y		
DOI	Airport Training Rig (civils element only)	2,200	500	?	Role to be determined	Civils				
DOI	Airport Ground Services Refurbishment	9,498	7,076	Yes	Start May 21	Civils				
DOI	IOM Ferry Terminal - Liverpool	38,054	19,888	Yes	2-3 more years but not PM	Construction	Y	Y		
DOI	Peel Marina Works - Dredging	910	743	Yes	On site	Civils				
DOI	DDA - Public Buildings	750	256	Limited		Construction				
DOI	Jurby Development Initiative	1,712	1,633	Yes		Construction				
DOI	Ramsey District Cottage Hospital	330	330	No	MCW and small scale projects	Construction				Y
DOI	Vehicle Test Centre Relocation	3,280	2,155	Yes	On site	Construction				
DOI	Heritage Rail Budget	26,373	3,031	Yes	Potentailly substantial	Civils				
DOI	Heritage Rail - Prom Horse Tram	1,200	1,200	No		Prom Team				
DOI	Flood Risk Schemes			No	No information but substantial	Civils				

Dept	Project	Total Value (£k)	2021/22 (£k)	Existing PMU involvement	Notes	(Const / Civils)	SPM	PM 1	APM 1	MCW
DOI	MCW - Education and Children		2,759	No		Construction				
DOI	MCW - Government Estate		1,471	No		Construction				
DOI	MCW - Heritage Rail & Public Transport		500	No		Civils				
DOI	MCW - Villa/Gaiety		451	No		Construction				
DOI	MCW - Housing Planned Works		2,947	No		Construction				
DOI	Site Feasibility Studies		100	Limited		Director				
MNH	MCW - MNH		506	No		Construction				Y
Manx Radio	MCW - Broadcasting House Maintenance		343	No		Construction			Y	
Manx Radio	Broadcasting House Refurbishment	969	969	No		Construction				
DOI Highways	A5 Road Reconstruction	986	742	No		Civils				
DOI Highways	Active Travel	2,563	1,519	No		Civils				
DOI Highways	Climate Change Adaption	30,651	9,250	No		Civils				
DOI Highways	Douglas Promenade Walkway	1,935	1,935	No		Prom Team				
DOI Highways	East Quay Peel	2,526	2,468	No		Civils				
DOI Highways	Pulrose River Bridge	4,077	3,698	No		Civils				
DOI Highways	Residential Road Refurbishment	5,619	792	No		Civils				
DOI Highways	West Quay Ramsey	1,515	1,515	No		Civils				
DOI Highways	Strategic Highway Refurbishment	64,507	4,692	No		Civils				
DOI Highways	Strategic Structural Maintenance	23,138	2,144	No		Civils				
LA Housing - Douglas	Spring Valley Estate Reconstruction	15360	200	No		Construction				
LA Housing - Castletown	School Hill/West Hill Redevelopment	26769	6000	Yes	Liaison role	Construction				
LA Housing - Ramsey	Close Woirrey Apartments	1795	1360	Yes	PM role	Construction				
LA Housing - Ramsey & Northern EPHC	Cooil ny Marrey Redevelopment	4455	500	Yes	PM role	Construction				

Annex D: Project Management Best Practice Governance

What Does Best Practice Governance Look Like?

Effective governance has five components:

- <u>Portfolio direction and alignment</u> – ensuring the investment in the portfolio, programme and project is aligned with strategic objectives. Such alignment needs regular review and challenge.

- <u>Programme and project sponsorship</u> - sponsorship links the senior executive body to the governance and management of every project and aims to ensure the benefits from the project investment are realised.

- <u>Change and project management capability</u> – ensuring the organisation has the skills, knowledge, processes, tools and techniques in the right quantity and of the right quality. This requires a continuing commitment to learning and development, usually with the support of a dedicated Centre of excellence.

- <u>Transparency and assurance</u> - decision making of senior executives and governance bodies is supported by regular objective, risk-based assessments of the status of the portfolio and individual projects. Reporting processes should be timely, relevant and reliable to support decision-making whilst avoiding a culture micro-management.

- <u>Culture and ethics</u> - the appropriate environment must exist for teams to work effectively together, and a culture of openness and honesty is a essential for effective reporting.

Annex D: Project Management Best Practice Governance

- Other considerations for those making investment decisions and this might include the department, SACIC, Treasury Board and Tynwald as well as those who are accountable at senior level (Chief Executive & Directors), and/or those sponsoring projects (departmental and client directors) are:

  - Is the project portfolio aligned with key business and organisational objectives, such as: customer service, reputation, attitude to risk, corporate responsibility, sustainability and growth?

  - Are financial controls, financial planning and expenditure review processes applied to both individual projects, and to the portfolio as a whole?

  - Is the project portfolio prioritised, refreshed, maintained and renewed in such a way that the mix of projects continues to support strategy and takes account of changing circumstances?

Annex D: Project Management Best Practice Governance

- Does the organisation discriminate effectively between activities that should be managed as projects and other activities that should be managed as non-project operations and has it considered whether the impact of implementing projects is compatible with its on-going operations?

- Are the risks associated with the projects properly assessed and managed?

- Is the project portfolio consistent with the organisation's capacity and capability?

- Does engagement with suppliers encourage a sustainable portfolio by ensuring their early involvement and by a shared understanding of the risks and rewards?

Annex E: Key Project Governance Roles

Senior Responsible Owner

- The Senior Responsible Owner (SRO) or Project Owner is ultimately accountable for a project meeting its objectives, delivering the planned outcomes and realising the required benefits. The SRO is the primary risk owner and will provide overall leadership, decisions and direction. In some jurisdictions they may also be the Accountable Officer. The SRO role is a substantial time commitment and the role-holder would normally have previous experience of project delivery.

Project Sponsor

- Every programme or significant project needs a clearly designated person who takes on the role of sponsor and sits at the peak of governance for that specific project. Ideally they will be dedicated to the role full time, but in reality they will have other project and functional responsibilities.

- Sponsors have different titles in different organisations but commonly used terms are Project Director or Executive Sponsor. For some projects the role will also encompass that of the SRO, but for larger projects they may be separate distinct roles.

- The level they sit at in any organisation is usually dependent on the size, complexity and degree of risk of the individual project.

Annex E: Key Project Governance Roles (cont.)

- Sponsors need clear delegations of authority to exercise their role and hold project managers to account for outputs and outcomes (regardless of whether the project manager is internal or external to the project).

- The sponsor delivers the business case from project initiation through to benefits realisation and is responsible for ensuring effective governance within the project.

Project Manager

- The project manager is responsible for the set-up, management and delivery of a specific project.

- They are accountable to the sponsor for the outputs and outcomes of the project, and implements any delegated governance requirements, policies, processes and procedures specified by the organisation.

Annex E: Key Project Governance Roles (cont.)

Independent Reviewer

- Large and complex projects need reviewing at each stage or critical decision point (gate reviews). The role of the reviewer is focussed on giving insights and objective advice to the senior decision makers and any governance bodies. The review should provide a complete, independent and a candid perspective of the project health, risks and issues and including whether the project team is following good governance processes.

- Independent reviewers (external to the business unit delivering the project) reduce the risk of internal or external pressures subverting a project at key decision points.