NIAO
Northern Ireland Audit Office

Major Capital Projects

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
19 December 2019

Northern Ireland Audit Office

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Published 19 December 2019

This report has been prepared under Article 8 of the Audit (Northern Ireland) Order 1987 for presentation to the Northern Ireland Assembly in accordance with Article 11 of the Order.

K J Donnelly
Comptroller and Auditor General

Northern Ireland Audit Office
19 December 2019

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List of Abbreviations

3PD	Third Party Development
ALB	Arm's Length Body
BRT	Belfast Rapid Transit
CBI	Confederation of British Industry
CEF	Construction Employers Federation
CoPE	Centre of Procurement Expertise
CPD	Construction and Procurement Delivery
DAERA	Department of Agriculture, Environment and Rural Affairs
DE	Department of Education
DfC	Department for Communities
DfE	Department for the Economy
DfI	Department for Infrastructure
DoF	Department of Finance
DoH	Department of Health
DoJ	Department of Justice
DTS	Delivery Tracking System
EIB	European Investment Bank
EU	European Union
FBC	Full Business Case
FTC	Financial Transaction Capital
GB	Great Britain
GMPP	Government Major Projects Portfolio
HS2	High Speed Rail Programme
IFA	Irish Football Association
IPA	Infrastructure and Procurement Authority
IRFU	Irish Rugby Football Union
ISNI	Investment Strategy for Northern Ireland
NAO	National Audit Office
N/A	Not applicable

NHS	National Health Service
NICS	Northern Ireland Civil Service
NIEA	Northern Ireland Environmental Agency
NIFRS	Northern Ireland Fire and Rescue Service
NIGEAE	Northern Ireland Guide to Expenditure Appraisal and Evaluation
NIPS	Northern Ireland Prison Service
NISRA	Northern Ireland Statistics and Research Agency
N/K	Not Known
OBC	Outline Business Case
OECD	Organisation of Economic Co-operation and Development
PAR	Project Assessment Review
PCCC	Primary Community Care Centre
PfG	Programme for Government
PPP	Public Private Partnership
PSNI	Police Service for Northern Ireland
RAG	Red, Amber and Green
RGH	Royal Group of Hospitals
RIBA	Royal Institute of British Architects
SIB	Strategic Investment Board
SRO	Senior Responsible Officer
TEO	The Executive Office
UCGAA	Ulster Council Gaelic Athletic Association
UK	United Kingdom
UU	Ulster University

Executive Summary

Executive Summary

1. Over the eight year period to 31 March 2019, almost £10.6 billion was spent on Northern Ireland public infrastructure. Current estimates indicate that by 31 March 2021, a total of over £14.8 billion will have been invested in Northern Ireland (over a ten year period). This exceeds the £13.3 billion anticipated in the latest Investment Strategy for Northern Ireland (ISNI 2011-21).

2. The construction industry is the second largest industry in Northern Ireland with over 10,300 businesses (14 per cent of all businesses at December 2018) and an estimated 35,020 employee jobs (4.5 per cent of all employees). Northern Ireland infrastructure construction (including for example, roads, bridges, water/sewage works, power stations, gas storage and pipelines, airports, railways and harbours) is substantial, at around £677 million in the 12 months to December 2018 – just under half of this (£330 million) was attributable to public sector work.

3. In the period from 2011 to 2019, departments managed 54 major capital projects (over £25 million excluding local government and housing association projects) with a total estimated cost of £5.5 billion. The majority of the major capital projects (61 per cent by number and 72 per cent by cost) were managed by two departments - the Department for Infrastructure (DfI) and the Department of Health (DoH).

4. The DfI reported the largest major capital project portfolio, 17 projects (31 per cent of the total) with a combined cost of £2.4 billion (43 per cent of the total). The majority of the DfI projects relate to roads and transportation including, for example, the A5 and A6 road schemes.

5. The DoH reported 16 major capital projects (30 per cent of the total) with a combined estimated cost of £1.6 billion (29 per cent of the total). The majority of DoH major capital projects are managed within the Health and Social Care (HSC) Trusts or within its other Arms Length Bodies (ALBs) and typically involve creating additional, or replacement, facilities, for example, the Mother and Children's Hospital.

6. In 2015, the Northern Ireland Executive identified seven flagship infrastructure projects as its highest priority projects. Funding for these projects was allocated over a five year period. Total investment for these projects over the period from 2016-17 to 2021-22, was estimated at just over £1 billion.

7. We conducted a high level review of each of the flagship projects and four additional projects which we know have experienced problems. We found that each of the projects examined suffered time delays and/or cost overruns when compared against original timescales and budgets. Departments told us that typically, time delays and cost overruns occurred as a result of one or more of the following:

- funding constraints;
- legal challenges;
- planning issues;
- limited interest from the construction industry; and
- issues with the quality of construction.

8. Three projects we examined have encountered significant problems: the A5 project, which was brought to the point of construction on schedule in August 2012, is currently expected to be delivered 10 years later than the original planned delivery date as a result of several legal challenges and uncertainty over future funding; the Critical Care Centre which is now expected to be completed (and fully occupied) eight years later than originally planned following various construction problems and; the Ulster University, Greater Belfast Development which needs to attract substantial additional external finance to bridge the current, major funding gap.

9. Lead departments delivering major capital projects will work with a range of bodies including the Procurement Board, the Strategic Investment Board, various divisions within the Department of Finance (DoF) and other Northern Ireland departments.

10. In 2013, a review of the commissioning and delivery of major infrastructure projects in Northern Ireland found that, *"despite there being areas of good practice and effective delivery within the commissioning and delivery system and despite the best efforts of able and hard-working staff,* ***the system as a whole is not fit for purpose and works against … best endeavours to deliver****"*.

11. The review concluded that change was necessary to all parts of the current system and that *"****the system needs to be overhauled and reformed*** *in order to enhance its efficiency and effectiveness, and to ensure that it delivers better value for money for taxpayers"*. The review team considered that there was *"a real opportunity ….. for the Executive to* ***build a high performance commissioning and delivery system*** *for procuring the infrastructure which Northern Ireland needs"*.

12. The report did not receive universal support and while DoF progressed a number of the actions for which it had responsibility, the proposed reform stalled and, consequently, some of the improvements to the commissioning and delivery of infrastructure are not being realised.

13. In 2013, the Confederation of British Industry (CBI) advised that various changes were required to Northern Ireland arrangements to enhance the ability of the public sector to deliver value

Executive Summary

for money. These included the need for more intelligence-led commissioning of infrastructure, a change from the process-driven culture, more realistic budgets and prioritisation of turnkey solutions. It recommended that Northern Ireland move towards models in Scotland and the Republic of Ireland by creating a new centralised procurement and delivery agency to develop and deliver infrastructure taking responsibility, initially, for education and health capital building projects; and seek to drive efficiencies in delivery costs.The CBI acknowledged the need to retain the existing DfI CoPEs (Translink, Northern Ireland Water and Roads Service) as individual entities *"focusing on the intensive civil engineering works, and other specialisms in which they are already experts"*.

14. While recognising efforts to ensure efficiency in major infrastructure procurement in Northern Ireland, in 2016 the Organisation for Economic Co-operation and Development (OECD) highlighted the need to clarify the roles and responsibilities of key stakeholders and, as a result, eliminate duplication in administrative functions and institutional frameworks. It concluded that the need to better respond to the procurement needs of government had not been matched by the development of new procurement approaches or the adoption of new solutions. The OECD was critical of developing expertise across numerous departments, which it considered duplicative and costly.

Concluding Commentary

15. This report presents an overview of the Northern Ireland major capital projects portfolio. **Appendix 4** provides high level information on the 54 major capital projects commenced by government departments and their ALBs during the period 1 April 2011 to 31 March 2019. It is clear from the information provided by departments, that performance in delivering these complex projects varies and while some projects deliver the intended outcomes to cost and time, many suffer cost overruns and/or significant time delays against original estimates.

16. While accepting that project delivery problems are not unique to Northern Ireland, it is disappointing that, in the 11 high profile projects considered in this report, costs and timescales envisaged at the outset of projects, were not achieved. Even flagship projects, identified as the Northern Ireland Executive's highest priority and with funding secured over a longer period, have suffered time delays and/or cost overruns. Inevitably, where projects suffer substantial cost overruns, this impacts on the delivery of other projects.

17. Departments told us that significant issues leading to delays are often encountered at the pre-construction stage, particularly in the case of major road projects as a result of funding issues, legal challenges, planning issues or due to limited interest in the project from the construction industry. The identification of flagship projects was an effective way of addressing funding issues for high priority projects by protecting budgets on those projects over a five year period,

however performance in delivering against estimated costs and deadlines will only improve when each of the challenges faced by departments is addressed simultaneously.

18. In our view, the existing cumbersome governance and delivery structures within the Northern Ireland public sector are not conducive to maximising the achievement of value for money. Several reports on Northern Ireland public procurement have highlighted the potential for improving performance across Northern Ireland Civil Service (NICS) departments by, for example, creating a new centralised procurement and delivery agency to develop and deliver infrastructure and streamline public sector processes. We do not wish to be prescriptive about future structures, but we consider that there is considerable merit in considering how alternative models, resourced with sufficient, highly skilled staff might improve future infrastructure delivery.

19. Given the importance of major capital projects to the economy of Northern Ireland, this is an area which we will be revisiting. Our future work programme will include in-depth assessments of the extent to which value for money has been achieved in a number of individual projects. Also, in view of the number of projects which have experienced significant delays because of legal challenges and planning issues, we are conducting two separate pieces of work: one identifying the lessons arising from Judicial Reviews and another considering the efficiency and effectiveness of the Northern Ireland planning system.

Conclusions and Recommendations

20. A series of reviews of the roles of the Procurement Board, CPD, SIB and commissioning entities have highlighted that current commissioning and delivery arrangements in Northern Ireland are not fit for purpose and have identified the need to:

- eliminate duplication in administrative functions and institutional frameworks;
- improve project prioritisation;
- reduce bureaucracy by focusing more on *'within budget'* and *'on time'* delivery, rather than on process; and
- drive better deals by increasing innovation.

21. We fully endorse these recommendations. While we note the transfer of the relevant part of the Health Estates Investment Group to CPD in 2014, it is disappointing that further progress in transforming commissioning and delivery arrangements in Northern Ireland has not been made.

22. We agree that there is significant merit in considering how alternative models, resourced with sufficient, highly skilled staff could improve future infrastructure delivery by supplementing public

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sector skills with those available in other sectors and streamlining processes. We recommend that the potential benefits of alternative models are fully explored as a matter of priority.

23. The Northern Ireland public sector faces significant challenges delivering against its major capital projects portfolio. From our high level overview of a number of projects and our focus group, we identified that challenges typically include funding difficulty or uncertainty, challenges through the courts, delays with planning or a lack of appetite and capacity within the local construction industry to take on public sector work.

24. Although in 2015, the Northern Ireland Executive identified a number of flagship projects and prioritised these by providing secured funding over the five year period to 2022, we noted that a number have not proceeded as originally planned. Further, where projects have been completed, in many cases, estimated timescales and costs were exceeded.

25. **Part 2** of this report recommends considering the potential benefits of alternative commissioning and delivery models. We acknowledge that it will take time to identify and select the most suitable model for the future. Given that many of the projects we obtained detail on experienced similar problems, we recommend that, in the interim, contracting authorities collaborate and share best practice.

Part One:
Introduction and background

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Introduction and background

This report presents an overview of the Northern Ireland major capital projects portfolio and examines departmental progress in delivering a number of significant projects

1.1 This report presents an overview of the Northern Ireland major capital projects portfolio. For the purposes of this report, we have defined major as over £25 million and have excluded projects relating to local government and housing associations. The report also examines departmental progress in delivering a number of major capital projects and draws out the challenges the public sector faces in managing capital projects.

1.2 Our findings are based on:

- information obtained from government departments and their arm's length bodies (ALBs) on the capital projects portfolio (**Figure 1.5**, **Figure 3.1**, **Figure 3.2** and **Appendix 4**);
- a high level review of each of the flagship projects and an additional four projects which we know have suffered delays, which established timelines, tracked (estimated and actual) costs and sought explanations for project delays and cost overruns. A summary of the progress on, and challenges encountered with, each of the projects is provided at **Appendix 1**;
- discussions with Strategic Investment Board (SIB) and Construction and Procurement Delivery (CPD) staff;
- a focus group meeting attended by representatives from each of the government departments, CPD and SIB. Each attendee is involved or experienced in some aspect of major capital project delivery, management or oversight. Attendee views are provided throughout this report;
- discussions with representatives from the Construction Employers Federation in Northern Ireland; and
- a review of other relevant literature.

1.3 The main issues covered in this review are:

- the roles and responsibilities in relation to capital projects (**Part 2**) – setting out and considering the suitability of arrangements in Northern Ireland for commissioning and delivering capital projects; and
- the project management process (**Part 3**) – examining the progress made on delivery of 11 major capital projects and highlighting reasons for time delays and cost overruns.

Over the period from 2012 to 2021, £14.8 billion capital funding will be available to Government Departments in Northern Ireland

1.4 Capital funding of £10.6 billion was provided to support capital projects in Northern Ireland over the period 2012 to 2019. In the two years to 2020-21, the Northern Ireland Executive (the Executive) anticipates that an additional £4.2 billion will be made available (**Figure 1.1**). The majority of funding (70 per cent) is made available through the Northern Ireland block grant.

Figure 1.1 NI Departments' Capital Funding from 2012 to 2021
Between 2012 and 2019 NI Departments' capital funding was £10.6 billion (see notes). The Executive anticipates that a further £4.2 billion will be made available in the two years to 2020-21.

	£ million		
Funding Category	Actual 2012-19	Planned 2019-21	Total 2012-21
Capital Block Grant	7,188	3,216	10,404
Capital Receipts (Note 4)	1,639	175	1,814
Reinvestment and Reform	1,215	0	1,215
Financial Transaction Capital (Note 3)	343	385	728
UK Government Confidence and Supply	200	278	478
Fresh Start (Note 5)	10	154	164
Republic of Ireland Funding	0	14	14
Total	**10,595**	**4,222**	**14,817**

Source: Department of Finance

Notes:

1) This figure includes actual funding received between 2012 and 2019 and estimated funding levels from 2019 to 2021.

2) Figures for the Belfast Region City Deal and Derry and Strabane City Deal have not been included in this figure as the profiling has yet to be confirmed with HM Treasury.

3) Financial Transaction Capital (FTC) is funding allocated to the Executive by the United Kingdom (UK) Government. While the Executive has discretion over FTC allocations to projects, it can only be deployed as a loan to, or equity investment in, a capital project delivered by a private sector entity.

4) Capital receipts for planning years are not yet known. Capital receipts over the period 2012-19 amounted to almost £1.6 billion. These consisted mainly of developers'

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contributions in respect of NI Water and Roads; proceeds from the disposal of land and buildings; loan repayments, mainly relating to the NI Housing Executive; and European Union funding, the European Regional Development Fund is the main EU Structural Investment Fund. DoF told us that, over the period 2012-19, capital grants totalling £350 million had been received from the EU.

5) This does not include a re-profile of Fresh Start (Shared Education) Capital which will increase 2019-20 funding by £6.9 million and 2020-21 by £47.5 million. Although the re-profiling has been agreed by HM Treasury, it has not yet been formally included in a HM Treasury fiscal announcement.

The scale of investment in major capital projects in Northern Ireland is significantly less than in Great Britain

1.5 Unsurprisingly, the scale of major capital investment is much larger in Great Britain (GB). The Government Major Projects Portfolio (GMPP) contains details of the most complex and strategically significant GB projects and programmes. Projects included in the GMPP are those which have required HM Treasury approval either because their budget exceeds departmental expenditure limits, or it requires primary legislation, or is innovative or contentious.

1.6 In 2017-18, the GMPP listed 133 projects to be delivered by 16 departments/arm's length bodies, with a Whole Life Cost of £423 billion (see **Figure 1.2**). Projects included under Infrastructure and Construction include, for example, the High Speed Rail Programme (HS2) connecting London to Manchester and Leeds, with initial costs estimated at £30 billion; and the Crossrail Programme, a 73 mile rail line crossing London east to west, estimated to cost £15 billion.

Figure 1.2: Whole Life Costs of projects listed in the GMPP

Category of Project	Total Number of Projects	Estimated Whole Life Cost
Transformation and Service Delivery	41	£83 billion
Information and Communications Technology	29	£10 billion
Infrastructure and Construction	31	£196 billion
Military Capability	32	£134 billion
TOTAL	**133**	**£423 billion**

Source: Infrastructure and Projects Authority (IPA)

The construction industry in Northern Ireland is important to the economy

1.7 The construction industry is the second largest industry in Northern Ireland (after agriculture) with over 10,300 businesses (14 per cent of all businesses at December 2018)[1] and an estimated 35,020 employee jobs (4.5 per cent of all employees)[2]. It is estimated that the construction industry accounted for 7.2 per cent of the regional Gross Value Added in 2017[3] (latest available regional data).

1.8 Despite fluctuations, the total volume of construction output in Northern Ireland, has been on an upward trend in recent years. This was largely due to increased output in two of the three construction sub-sectors[4], housing and 'other work'[5], and mainly as a result of increases in private sector output. While infrastructure[6] output (one of three construction sub-sectors) is substantial (£677[7] million in the 12 months to December 2018) it has declined as a proportion of overall construction output, from 28 per cent in 2013 to 22 per cent in 2018.

1.9 On 2 September 2019, the Construction Employers Federation (CEF) published the latest State of Trade Survey covering the first half of 2019. It reported the opinions of 80 Northern Ireland headquartered construction firms which were, collectively, responsible for turnover of approximately £975 million during 2018-19. These local construction firms consider that:

- 60 per cent of respondents think the local construction market will worsen in the next 12 months, 25 per cent think it will stay the same;
- As a direct result of the Stormont impasse, 60 per cent of firms have put off growth plans;
- Only 35 per cent of respondents said they were operating at full or almost full capacity, compared to 75 per cent in February 2019;
- 30 per cent hope to increase profitability in the year ahead while 25 per cent of firms are in survival mode – up from 20 per cent in February 2019.

1 *Northern Ireland Inter Departmental Business Register 2018*, Northern Ireland Statistics and Research Agency (NISRA), Edition 21, 18 December 2018. This represents the number of Value Added Tax and /or Pay As You Earn registered businesses operating in Northern Ireland.

2 *Northern Ireland Quarterly Employment Survey,* NISRA, 19 March 2019. The employee numbers are the seasonally adjusted jobs estimate.

3 *Northern Ireland Quarterly Construction Bullet, Quarter 4, 2018*, NISRA, 11 April 2019. Gross Value Added is a measure of the increase in the value of the economy due to the production of Goods and Services.

4 The three construction sub-sectors are Housing, Infrastructure and Other – Industrial (factories, oil, steel, coal etc.) and Non-Industrial (shops, garages, hotels, etc.)).

5 *'Other work'* includes factories, warehouses, schools, hospitals, offices, shops, hotels and churches.

6 Infrastructure includes roads, bridges, water/sewage works, power stations, gas storage and pipelines, airports, railways and harbours.

7 The public sector accounted for just under a half, £330 million or 49 per cent, of the £677 million of infrastructure output, and this was almost equally split between New Work and Repairs and Maintenance.

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1.10 CEF attributed the additional economic uncertainty to Brexit and the reality of over two and a half years since the collapse of the Executive. While CEF acknowledged that the restoration of the Executive cannot, alone, solve this crisis, it recognised that its absence has impacted on the sustainability of the pipeline of work (which provides certainty to the market) and created infrastructure funding challenges which are continuing to hold vital development back.

1.11 CEF reported that, in its view, funding challenges are most prevalent with Northern Ireland Water. It considers that the consistent underfunding of NI Water has led to a *"drastic curtailment in much needed wastewater treatment works upgrades right across Northern Ireland and, consequently, a significant slowdown in the number of new homes being started and completed"*.

The Executive's Programme for Government clarifies government priorities and sets the context for the Investment Strategy for Northern Ireland

1.12 The Programme for Government (PfG) 2011-15 (2016-21 is in draft) sets out the Executive's priorities and identifies the actions necessary to address them. Priority 1 relates to *Growing a Sustainable Economy and Investing in the Future* and provides the context for the Executive's Investment Strategy Northern Ireland (ISNI). The ISNI is a rolling 10 year plan outlining future investment in major capital projects across Northern Ireland.

1.13 The Strategic Investment Board (SIB)[8] prepares the ISNI on behalf of the Executive. The current strategy 2011-21 (2017-27 is in draft[9]) is the second update to the original strategy (produced for 2005-15) and outlines plans to invest a total of £13.3 billion (**Figure 1.3**) over the period from 2011-12 to 2020-21. In the period from 2015 to 2021, the ISNI anticipates that just over £1 billion of this total will be funded by alternative finance (supplementing conventional funding through the NI Block Grant) as follows:

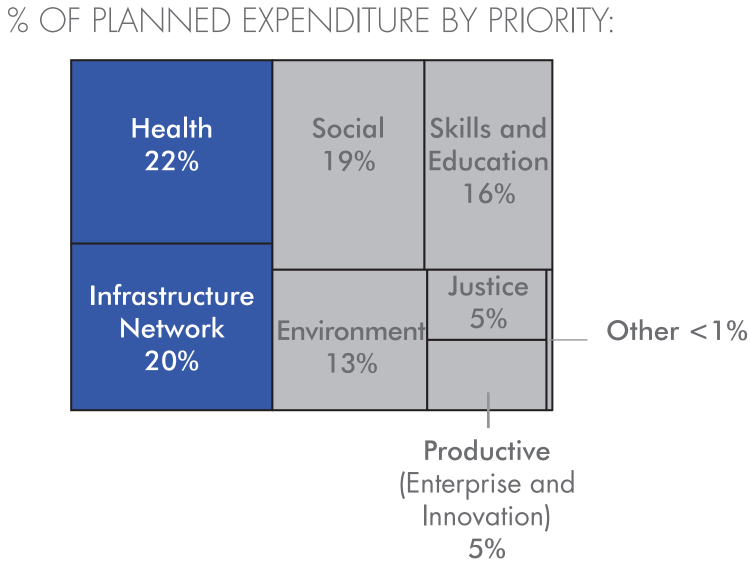
- almost £400 million on roads;
- over £200 million on schools and youth; and
- over £500 million on primary care, hospitals and public safety.

8 The Strategic Investment Board Limited, established in 2003, is a company limited by guarantee that is owned by The Executive Office.

9 A further update of the strategy has been put on hold following the collapse of the Northern Ireland Executive, 9 January 2017.

Figure 1.3 ISNI Investment priorities

The ISNI is a rolling ten year plan outlining future major capital investment in Northern Ireland. In the 2011-21 ISNI, over 40 per cent of the planned investment related to two key priority areas: Health and Infrastructure.



Source: ISNI 2011-21

1.14 In addition to setting out the funding allocations for each of the seven key infrastructure areas (pillars), the ISNI details:

- key achievements (over the period 2008 to 2012) against each pillar (summarised at **Appendix 2**);
- projects underway; and
- planned projects.

In 2015, the Executive announced seven flagship projects as its highest priority projects

1.15 Given their size and complexity, capital projects usually run for several years. The allocation of annual budgets to departments can cause funding uncertainty for capital projects. In order to address this, in 2015[10] the Executive identified seven infrastructure flagship projects as its highest priority projects. Funding for these projects was allocated over a longer, five year

10 *Written Ministerial Statement*, Budget 2016-17, 17 December 2015.

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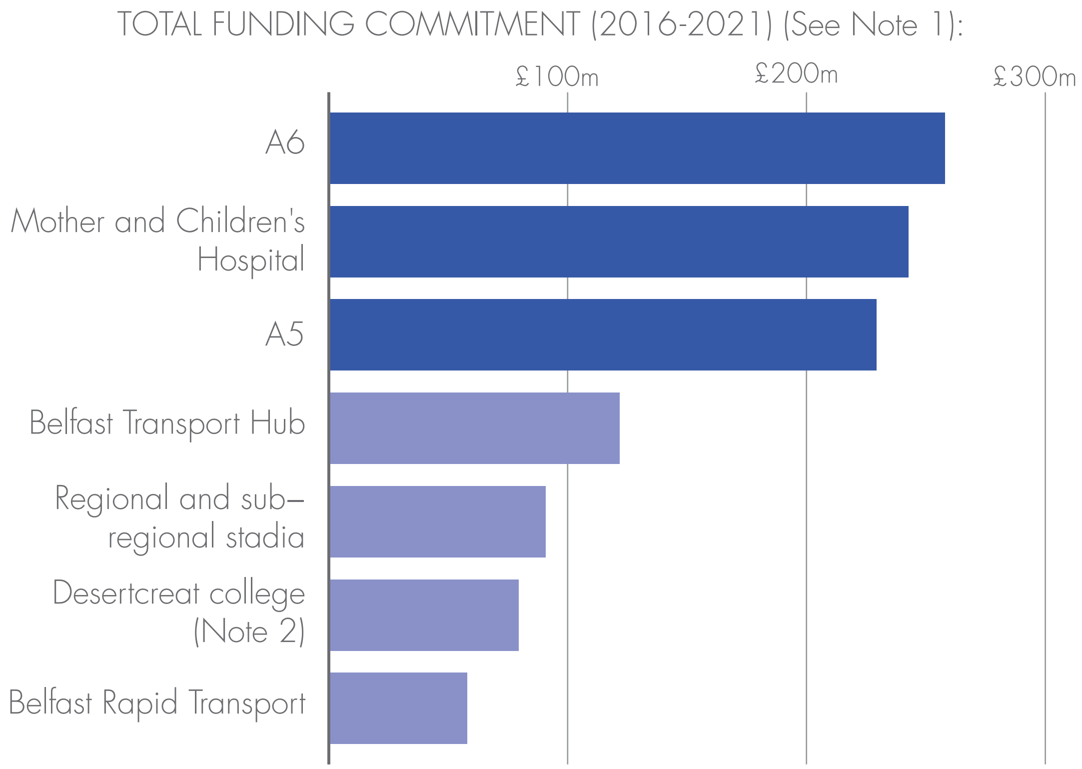
period. Total investment for these projects over the period from 2016-17 to 2020-21 was estimated at just over £1 billion (**Figure 1.4**).

Figure 1.4: Flagship projects and funding commitment
In 2015, the Executive announced a commitment to invest over £1 billion across seven flagship projects within five years to 2021.



Note1: The figures quoted represent the amounts announced in the Ministerial Statement rather than the amounts incurred. Full expenditure details are provided in the respective case studies at Appendix 1.

Note 2: In 2016, the Desertcreat flagship project (a combined public services college for NIFRS, PSNI and the NI Prison Service) was re-designated as the Northern Ireland Fire and Rescue Service Learning and Development Centre project at Desertcreat with a capital cost of £44.8 million.

Source: Written Ministerial Statement Finance and Personnel, Budget 2016-17, 17 December 2015

We considered progress on each of the flagship projects (and an additional four projects we knew were encountering problems) and found that almost all have experienced time delays and cost overruns

1.16 We conducted a high level review[11] of each of the flagship projects and four additional projects which we know have experienced problems (Critical Care Centre (at the Royal Group of Hospitals), Primary Community Care Centres (at Lisburn and Newry), Ulster University, Greater Belfast Development and Strule Shared Education Campus). **Figure 1.5** provides details on the progress in delivering each of these projects. More detail on individual projects is provided at **Appendix 1** and summarised in **Part 3** of this report.

Concerns regarding performance in delivering major capital projects across the United Kingdom have been widely reported

Northern Ireland Audit Office Reports

1.17 We have published a number of reports on capital projects. Several of our reports highlighted instances where delivery difficulties have been experienced. Common issues faced by public sector bodies have included the failure to:

- undertake comprehensive preparation work;
- allocate key project governance roles promptly;
- actively manage projects; and
- identify and share learning.

National Audit Office

1.18 The National Audit Office (NAO), in a 2016 briefing to the Public Accounts Committee[12], stated that the public sector has had a poor track record in delivering projects successfully. While it reported improvements in the way aspects of project delivery were managed in some departments, it highlighted that frequently projects were not delivered on time or within budget and had not achieved their intended outcomes.

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11 Our high level review involved establishing timelines, tracking (estimated and actual) costs and obtaining explanations for project delays and cost overruns. For the purposes of our review, we defined the Outline Business Case (OBC) as a comprehensive analysis, completed prior to the commencement of formal procurement and providing the basis for formal DoF Supply approval. The OBC should include a full assessment of strategic fit, option appraisal, achievability, assumptions about costs, benefits, risks and funding. It should determine the preferred option in terms of the level and form of service provision, and should recommend a particular procurement route. The Full Business Case (FBC) is prepared prior to financial closure and award of contract and should provide all the information needed to support a decision to award a contract and commit actual funding. It should provide a basis for the necessary project management, monitoring, evaluation and benefits realisation.

12 *Delivering major projects in government: a briefing for the Committee of Public Accounts*, NAO, 6 January 2016

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1.19 The NAO, in addition to undertaking reviews of major projects and programmes (around 100 since 2010), has produced various aids on project and programme management, including:

- ***Framework to Review Programmes*** (13 September 2017) provides a guide for examining projects and programmes, with a series of questions (grouped under four elements) that need to be considered – purpose; value; programme/project set-up; and delivery and variation management; and
- ***Survival guide to challenging costs in major projects*** (21 June 2018) highlights factors that can lead to cost growth and seeks to help by providing tips on the early warning signs and suggesting challenges to over-enthusiastic sponsors and project teams.

Infrastructure and Procurement Authority (IPA)

1.20 The IPA is government's centre of expertise for infrastructure and major projects. It has recently reported[13] that the common causes of failure in major projects are well known, and are similar in the public and private sector and across a wide range of project types. It identified the common causes of failure in major projects as:

- lack of clarity around project objectives;
- lack of alignment amongst stakeholders;
- unclear governance and accountability;
- insufficient resources (human or financial);
- inexperienced project leadership; and
- over-ambitious cost and schedules.

1.21 The IPA considered that well-designed projects address all these issues in the vital project initiation phase, concluding that good project initiation maximises the chance of a successful outcome.

13 ipa.blog.gov.uk/2018/03/29/crossing-the-valley-of-death-bridging-the-gap-between-policy-creation-and-policy-delivery-in-government

Figure 1.5 Summary of Performance on the flagship and four other major capital projects at 31 March 2019 against Outline and Full Business cases

Department	Case Study (Appendix 1)	Project		Estimated Completion Date[1]		*Actual*/ Latest Estimated Completion Date (N/K= Not Known)	*Actual*/ Potential Time Overrun from OBC (Years) (N/K= Not Known)	Estimated Cost[1] £ million		*Final*/Latest Estimated Final Costs £ million	*Actual*/ Estimated (Under)Overspend From OBC[2] (N/K= Not Known)		Actual Costs Incurred by March 2019 £ million
				OBC	FBC			OBC	FBC		£ millions	%	
DfI	1.	A5: Londonderry, Strabane, Omagh, Aughnacloy		2018	-	2028	10	799.0[3]	-	1,100.0	301.0	37.7%	80.3
DfI	2.	A6:	Randalstown to Castledawson	-	2020	2021	1	-	184.0[4]	189.0	5.0	2.7%	119.8
DfI	2.	A6:	Dungiven to Drumahoe	-	2021	2022	1	-	239.0	222.7	(16.3)	(6.8%)	48.7
DfI	2.	A6:	Caw to Drumahoe (*project on hold*)	-	2024	N/K	N/K	-	171.0	171.0	0	0	5.9
DfI	3.	Belfast Rapid Transit		2017-18	2018-19	2018-19	1	98.5	87.9	94.4	(4.1)	(4.2%)	93.6
DfI	4.	Belfast Transport Hub		2023	2025	2025	2	208.9	227.2	227.2	18.3	8.8%	20.3
DoH	5.	Mother and Children's Hospital	Regional Childrens' Hospital	2020	-	2025	5	223.0	-	353.9	130.9	58.7%	39.4
DoH	5.	Mother and Children's Hospital	Maternity Hospital	2015	2021	2021	6	57.2	72.8	73.9	16.7	29.2%	29.3
DoH	6.	Critical Care Centre		2012	-	2020	8	95.0	-	151.7	56.7	59.7%	151.3
DoH	7.	Primary Community Care Centres:	Lisburn PCCC	2016	-	2021	5	3PD unitary charges expected to be in line with estimates.					
DoH	7.	Primary Community Care Centres:	Newry PCCC	2016	-	N/K	2 year build not started 3 years after expected completion date.	3PD unitary charges expected to be in line with estimates.					
DoH	8.	NIFRS Learning and Development Centre, Desertcreat[5]	Phase 1	2018	2019	2019	1	4.2	4.8	4.8	0.6	14.3%	4.7
DoH	8.	NIFRS Learning and Development Centre, Desertcreat[5]	Phase 2	2020	2023	2023	3	40.6	41.6	41.6	1.0	2.5%	0
DfC	9.	Regional Stadia Programme and Sub-Regional Stadia Programme for Soccer:	Windsor Park	2015	-	*2016*	*1*	*35.0*	-	*35.0*	*0.0*	*0%*	*35.0*
DfC	9.	Regional Stadia Programme and Sub-Regional Stadia Programme for Soccer:	Kingspan	2015	-	*2015*	*0*	*16.5*	-	*16.5*	*0.0*	*0%*	*16.5*
DfC	9.	Regional Stadia Programme and Sub-Regional Stadia Programme for Soccer:	Casement Park	2016	-	N/K[6]	Not started 3 years after expected completion date.	77.5	-	110.0	32.5	41.9%	10.3
DfC	9.	Regional Stadia Programme and Sub-Regional Stadia Programme for Soccer:	Sub-Regional Stadia Programme for Soccer	No OBC	-	N/K[7]	Not started 1 year after expected completion date.	36.2	-	36.2	N/K	N/K	0
DfE	10.	UU, Greater Belfast Development		2018	-	2021	3	254.0	-	363.9[8]	109.9	43.3%[9]	151.3
DE	11.	Strule Shared Education Campus		2020	-	2024	4	168.9[10]	-	213.7	44.8	26.5%	37.8

Source: Departments have verified all date and cost information.

Part One:
Introduction and background

Note 1: Estimated completion dates and estimated costs were obtained from project Outline Business Cases and, where available, Full Business Cases.

Note 2: This will include inflation and construction industry price pressures which were not foreseeable at the time of the OBC.

Note 3: The Department informed us that uplifting the OBC estimated cost (£799 million) to a 2017 base year using Bank of England inflationary indices gives a revised cost of £975 million.

Note 4: The approved FBC figure (including sunk costs) has been uplifted by £10.6 million delay costs incurred in relation to an unsuccessful legal challenge.

Note 5: In 2016 the Desertcreat Flagship project (a combined public services college for NIFRS, PSNI and the NI Prison Service) was re-designated as the Northern Ireland Fire and Rescue Service Learning and Development Centre project at Desertcreat, with a capital cost of £44.8 million

Note 6: DfC told us that, in the absence of Ministers, it is impossible to estimate construction start and completion dates.

Note 7: DfC told us that, in the absence of an OBC or Ministers, it is impossible to estimate construction start and end dates.

Note 8: DfE explained that the final cost figure includes £25.2 million relating to additional planned works around Frederick Street and Block BA BB. Excluding these costs reduces the overspend to £84.6 million (33%). These figures also include £60.6 million Value Added Tax (VAT) which is irrecoverable.

Note 9: DfE told us that if the planned changes of £25.3 million are excluded, the estimated overspend percentage reduces to 29.5 per cent.

Note 10: DE told us that this figure did not include an allowance for inflation.

Part Two:
Roles and responsibilities relating to Major Capital Projects

Part Two:
Roles and responsibilities relating to Major Capital Projects

Many Northern Ireland public bodies have a role to play in the commissioning and delivery of major capital projects

2.1 While individual departments remain accountable for the major capital projects they commission and fund, responsibilities for policy, strategy approval and guidance in Northern Ireland fall across several bodies including the Procurement Board, SIB and DoF[14]. A summary of the role of each of these is provided in **Figure 2.1**. Arrangements within the Department for Infrastructure vary, it operates through three Centres of Expertise (see paragraphs 2.2 to 2.8).

Figure 2.1: Central Roles and Responsibilities in delivering major capital projects

The Procurement Board

- Responsible for the development, dissemination and co-ordination of public procurement policy and practice across Northern Ireland public bodies.

  The Procurement Board is Chaired by the Finance Minister and comprises the Permanent Secretary of each of the departments, seven external advisers [15] and the Chief Executive of Construction and Procurement Delivery (CPD) [16]. A representative from SIB attends as an observer. It is accountable to the Northern Ireland Assembly.

  In the absence of the Finance Minister, the Procurement Board, chaired by the Head of the NI Civil Service, has continued to meet. Since the collapse of the Northern Ireland Executive, on 9 January 2017, the Board has met on six occasions up to April 2019.

The Strategic Investment Board (SIB)[17]

- Works with departments to produce the Investment Strategy for Northern Ireland (ISNI).
- Plays a role in encouraging interest in projects from private sector to increase competition.

14 In 2016, the Department of Finance and Personnel was renamed the Department of Finance under the Departments Act (Northern Ireland) 2016.

15 On 7 October 2016, the DoF Minister announced the appointment of seven new advisers from the business community, the community sector, trade unions, and academia. The Minister stated that he wanted the Board *"to do things differently; to ensure a level playing field for* [small and medium-sized enterprises], *to encourage innovation and entrepreneurship, to benefit the long-term unemployed and other underserved people, and to promote architectural and artistic excellence."*

16 The Central Procurement Directorate within the Department of Finance was renamed Construction and Procurement Delivery on 1 October 2018.

17 In its report into the use of Public Private Partnerships (July 2001), the Northern Ireland Assembly's Committee for Finance and Personnel recommended the establishment of a central investment board or procurement body to become a centre of excellence on investment and procurement. SIB operated in "shadow form" until April 2003 when it was established as a company limited by guarantee following the enactment of the Strategic Investment and Regeneration of Sites (Northern Ireland) Order 2003. SIB is wholly owned by The Executive Office.

- Maintains the capital projects Delivery Tracking System (DTS) which provides the public and industry with details of individual contracts emerging through the government's infrastructure plans (the *'infrastructure investment pipeline'*). All bodies covered by the NI Public Procurement Policy are required to provide up to date information on infrastructure developments, including procurement information, for release on the ISNI Information Portal.

- Places staff in project management and advisory roles within departments/public bodies providing specialist knowledge and skills to support faster delivery of significant projects in an economically and operationally sustainable manner (**Appendix 3**).

- Statutory bodies are required to have regard to SIB's advice and facilitate/co-operate in the exercise of its functions.

- In its advisory role to the Executive, it is involved in the planning and prioritising of major investment projects, funding and borrowing and implementation.

The Department of Finance (DoF)

- DoF, as well as maintaining responsibility for managing its own capital projects, has a central role in providing guidance, granting business case approvals and obtaining assurances on the progress of major projects managed by other departments.

- DoF's core guidance on the appraisal, evaluation, approval and management of procurement policies, programmes and projects is set out in the Northern Ireland Guide to Expenditure Appraisal and Evaluation (NIGEAE).

DoF Supply Division

- DoF (through its Supply Division) is required to approve project business cases where departments intend to incur expenditure on:

  - IT projects over £1 million; and

  - other capital projects involving over £2 million central government expenditure (unless other delegations specifically allow).

Part Two:
Roles and responsibilities relating to Major Capital Projects

Construction and Procurement Delivery (CPD)

- Provides advice to Northern Ireland departments and ALBs.
- Provides training to CPD customers.
- Engages with the construction industry.
- Plays a role in the All Party Group on Construction which discusses issues affecting the local construction industry, including public procurement processes.
- Provides a project management service to Health and Social Care Trusts and other DoH ALBs taking forward major capital projects (through CPD Health Projects).
- Provides best practice guidance. The CPD project management[18] guidance sets out the requirements for Northern Ireland public sector bodies and promotes a structured approach based on tested methods and processes. The guidance covers:
  - ***Leadership and Responsibility:***
    Overall responsibility for delivering the project must be vested in a single, responsible and visible individual (the Senior Responsible Owner (SRO)), and as far as possible, the role should be fulfilled throughout the life of the project by the same person. SROs must complete relevant training, for example, CPD's SRO Master Class.
  - ***Management Methodologies:***
    The PRINCE2[19] methodology should be used for project management generally, and for construction projects, the Policy Framework for Construction Procurement[20] should be followed. These methodologies should be applied proportionately.
  - ***Skills and Experience:***
    It is important that people leading, managing and working on projects are able to carry out their roles effectively. In addition to being clear about their responsibilities, staff must have the relevant competencies (through experience and training) associated with their role.

18 *Procedures and Principles of Best Practice in Programme/Project Management*, Department of Finance, CPD, Procurement Guidance Note 01/09. First issued on 17 June 2009, it was revised on 19 December 2014 and reissued on 31 May 2016 to reflect the restructuring of NI Government departments.

19 *PRINCE2* is a widely used project management methodology that takes a process-based approach and focuses on organisation and control throughout the entire project from start to finish. It is a flexible method that guides the user through the essentials for managing successful projects, regardless of type or scale, making use of the best proven practices from a variety of industries and sectors.

20 This is based on the Procurement Board's Achieving Excellence in Construction (NI) initiative.

- ***Integrated Assurance Process (IAP)*** [21]
  A series of **Gateway Reviews** which are mandatory for all infrastructure projects with a capital value of £20 million or more. The reviews, undertaken at key points throughout project planning and delivery, are carried out by an experienced and impartial review team. Review reports provide recommendations and a *'Delivery Confidence Assessment'* using Red, Amber and Green (RAG) ratings, indicating the potential for successful delivery.

Exceptionally, the Department for Infrastructure operates through three Centres of Procurement Expertise (CoPEs): Roads and Rivers; Translink; and Northern Ireland Water

2.2 The Department for Infrastructure (DfI), with responsibility for maintaining roads, public transport and water and sewerage infrastructure, manages the largest capital budget within the Northern Ireland Civil Service. In 2018-19, DfI's capital budget was almost double that of the next largest department (the Department of Health (DoH)). DfI was responsible for four of the seven Executive flagship projects, all being delivered simultaneously.

2.3 DfI operates through three independently-assessed Centres of Procurement Expertise (CoPEs): Roads and Rivers; Translink; and Northern Ireland Water. All three CoPEs were accredited in 2018 and, like other CoPEs, comply with NI, UK and EU public procurement best practice and legislation.

2.4 Roads and Rivers CoPE is responsible for construction and specialist supplies and services procurement. Translink and NI Water CoPEs handle all procurement for their business with the exception of collaborative contracts. More common and collaborative contracts are procured through a Service Level Agreement with DoF CPD.

2.5 DfI assesses projects using the Gateway Process and Project Assessment Review (PAR). Projects are managed along PRINCE2 principles and notified to the ISNI Delivery Tracking System. DfI maintains close contact with CPD, SIB and the construction and consulting industries.

2.6 A review commissioned in 2015, undertaken by the Cabinet Office Major Projects Authority, concluded that DfI had *"well established and effective appraisal, reporting, evaluation and governance processes in place"* and noted that officials could *"have a high degree of confidence that projects are being managed, monitored and procured in line with Central*

21 The Infrastructure and Projects Authority (IPA) defines 'integrated assurance and approval' as the planning, coordination and provision of assurance activities and approval points throughout the 'policy to delivery' lifecycle, proportionate to levels of project cost and risk (Guidance for Departments – *Integrated Assurance Strategies and Integrated Assurance and Approval Plans – A guide to implementing integrated assurance*. IPA, July 2017).

Part Two:
Roles and responsibilities relating to Major Capital Projects

Government guidance". The report highlighted that *"in the familiar 'standard' delivery areas such as road building, rail and bus infrastructure, water pipe laying and waste water treatment… officials in the relevant delivery organisations …have, over time, built up a considerable track record of project development, cost assurance, delivery and monitoring experience and expertise.*

2.7 The Cabinet Office highlighted that there was no reason for complacency, identifying that some issues remained around cost estimate processes and the interface between delivery organisations and DfI which needed to be addressed. It also highlighted that the governance arrangements around novel, complex or non-standard projects may require more careful planning and consideration. While beyond the scope of the Cabinet Office report, it reported the views of almost all stakeholders consulted that the annual budgeting cycle has *"an adverse impact on the planning, effectiveness, efficiency and value for money derived from major capital programme delivery"*.

2.8 Following the review, DfI established a Major Projects Committee, chaired by the Permanent Secretary, which meets quarterly to maintain oversight of DfI's delivery of major projects.

In 2012 the Procurement Board initiated a review of the commissioning and delivery of major infrastructure projects in Northern Ireland

2.9 In 2012 the Procurement Board initiated a review[22] (undertaken by SIB) of the commissioning and delivery of major infrastructure projects in Northern Ireland. The review, published in October 2013, found that, *"despite there being areas of good practice and effective delivery within the commissioning and delivery system, and despite the best efforts of able and hard-working staff,* ***the system as a whole is not fit for purpose and works against…. best endeavours to deliver****"*.

2.10 The review concluded that change was necessary to all parts of the current system and that *"****the system needs to be overhauled and reformed*** *in order to enhance its efficiency and effectiveness, and to ensure that it delivers better value for money for taxpayers"*. The review team considered that there was *"a real opportunity ….. for the Executive to* ***build a high performance commissioning and delivery system*** *for procuring the infrastructure which Northern Ireland needs"*.

2.11 The report identified the need to:

a. strengthen political direction of the commissioning and delivery system in order to give a **clear lead and build a sense of common purpose**;

b. ensure **effective alignment of the government departments and agencies** involved in operating the commissioning and delivery system;

22 *Strategic Review of the Commissioning and Delivery System for Major Infrastructure Projects in Northern Ireland*, Procurement Board (undertaken by SIB), 2012.

c. strengthen the focus on **strategic planning and prioritisation of infrastructure investment** in order to get the right infrastructure in the right place at the right time;

d. shift the balance to **focus more on *'within budget'* and *'on time'* delivery of infrastructure assets**, rather than having a disproportionate emphasis on inspection, scrutiny and accountability;

e. gather **time and cost metrics and benchmarking data**, and **use them effectively** in operational activities;

f. **remove inefficient, wasteful and bureaucratic processes;**

g. focus on the **provision of well-designed, fit-for-purpose infrastructure** that meets operational needs, improves operational efficiency and provides good value for money;

h. **drive better deals** though our procurement activities, while reducing the time, effort and money costs of those activities;

i. strengthen our overall project delivery capability;

j. **reform** and improve the planning approval process for major infrastructure projects; and

k. ensure that the **local construction sector and its representative bodies play their part** in helping us to deliver.

SIB's report to the Procurement Board concluded that the 'decentralised' model reinforces departmental silos, increases competition in the prioritisation of projects, makes it more difficult to generate efficiencies through economies of scale and incurs additional costs

2.12 SIB highlighted that while the **decentralised model** in place in Northern Ireland ensures close working with the client, enabling knowledge and experience of 'what works best' in a particular area to be built up, it:

- reinforces departmental 'silos' and leads to fragmentation of both the government client base and of procurement expertise and resources;
- fosters greater competition in the planning and prioritisation of capital programmes and creates difficulties in achieving compliance with over-arching and cross-departmental procurement policies and processes;

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- makes it more difficult to leverage the scale of government demand for construction works and services to drive better procurement deals; and
- leads to higher costs due to the large number of procurement operations across government, and the risk of 'gold-plating' assets as a result of over-specification and non-standard designs.

2.13 The report recommended adoption of a **centralised model** to cut across departmental 'silos', concentrate procurement expertise and resources, create a stronger position for engaging the market and reducing overhead costs. The report concluded that such an approach would facilitate planning and prioritisation of capital programmes; compliance with over-arching policies; and standardisation of procurement processes and documentation. In addition, the report considered that such an approach would facilitate the use of time and cost metrics and benchmarks, and standard designs and specifications, likely to lead to reduced construction costs. Finally, the report highlighted that the centralised approach would make it easier to pursue integrated approaches to service provision, through cross-departmental and cross-public sector infrastructure initiatives like service hubs, planned communities and urban regeneration schemes. The report recommended that the first priority should be to centralise the construction procurement functions of CPD and those CoPEs mainly involved in procuring buildings of various types, before including those mainly involved in procuring civil engineering type construction (that is, DfI CoPEs), which are *"more specialist and are currently working reasonably well"*. In line with this recommendation, in October 2014, the Department of Health transferred the construction and procurement elements of its Health Estates Investment Group, to CPD. Since then, the newly formed CPD Health Projects has provided a project management service, managing major construction projects on behalf of the Health and Social Care Trusts and other DoH ALBs.

Following publication of the report, a sub-group was created to consider the findings

2.14 On receipt of SIB's final report in November 2013, the Procurement Board established a sub-group comprising the Permanent Secretaries of those departments with high capital spending and chaired by DoF, to consider the findings. The sub-group prepared an Action Plan in response to the report's findings, and concluded that without its implementation ***"the systemic impediments to the likelihood of the successful delivery of infrastructure projects will remain"***.

2.15 Key areas addressed in the Action Plan included:

- the prioritisation key, strategically significant projects;
- the need to establish a more centralised construction procurement service for building projects, including government offices, specialist buildings, health care facilities and educational buildings (excluding new-build social housing projects which are mainly procured by Housing Associations (and therefore not covered by Public Procurement Policy) and civil engineering projects (such as highways, bridges, water treatment works and railways)) which will continue to be carried out by the DfI CoPEs operating under a common set of performance and reporting procedures; and
- a move, within departments and their sponsored bodies, to a delivery-focused culture.

2.16 In June 2014, the Action Plan received support from the external members of the Procurement Board and some departments. However, a number of Board members stated that their Ministers reserved approval considering that the matter should be presented to the Executive. The Finance Minister wrote to Executive Colleagues in September 2014 seeking endorsement of the Action Plan, and the plan was referred to in a *'Dear Accounting Officer'* letter of December 2014[23]. One Minister was not content to support the Action Plan and a further four Ministers were yet to confirm their position when, in April 2016, DoF initiated a Review of the Action Plan. In the event, the Action Plan was not submitted to the Executive for approval.

2.17 The Review Team, comprising senior staff (including the Chief Executive) from the IPA, was to consider whether the Action Plan was the correct approach to improving the delivery of infrastructure in Northern Ireland and how the collective working of all key parties could be improved. While the Review commenced, it did not progress[24].

2.18 In 2016, DoF identified that, although it had progressed a number of the actions for which it had responsibility, progress against the remaining actions had stalled and, consequently, the improvements to infrastructure are not being realised. DoF told us that CPD staff continue to work with the Construction Industry Forum for Northern Ireland to drive further improvements.

23 *Infrastructure Action Plan Implementation*, Department of Finance and Personnel, DAO (DFP) 06/14, 2 December 2014. The DAO summarised the key responsibilities of Accounting Officers in respect of infrastructure procurement and delivery.

24 In August 2016 the DoF Permanent Secretary concluded in consultation with the Finance Minister that the Review should cease, as it was proving difficult to get Ministerial commitment to a further series of interviews. At that stage, newly appointed Ministers were focused on developing a new Programme for Government.

Part Two:
Roles and responsibilities relating to Major Capital Projects

The private sector considers that changing existing arrangements in Northern Ireland could realise efficiencies

2.19 A 2013 report[25] by the Confederation of British Industry (CBI) commented that various changes were required to Northern Ireland arrangements to enhance the ability of the public sector to deliver value for money projects. These included the need for:

- **more intelligence-led commissioning of infrastructure** – calling, where necessary, on appropriate skills from the private sector to inform prioritisation;
- a **change from the process-driven culture** – focusing more on user need and potential benefits;
- **more realistic project budgets** – the quality of the product, outcomes and lifetime costs must account for a larger part of the awarding criteria; and
- **prioritisation of turnkey solutions** – for example, adopting common designs for building each school or each hospital. In addition, bundling of projects, with specific frameworks in place to ensure that small contractors are not excluded, can realise efficiencies.

2.20 In line with the findings of the SIB review, the CBI report recommended that Northern Ireland follows best practice elsewhere (Scotland and the Republic of Ireland) by creating a new centralised procurement and delivery agency to develop and deliver infrastructure. It envisaged that the new agency would bring together existing structures[26], with appropriate skills for relevant sectors brought in as necessary to create a critical mass of capability. Projects commissioned by departments would be delivered by the new agency. The report anticipated that such an approach has a number of benefits:

- providing a pool of expertise;
- providing a clearer pipeline of works across all government departments;
- delivering better productivity for capital spend;
- offering a clearer focus on delivery within budgetary envelopes and realising efficiencies;
- streamlining and improving commissioning, procurement and delivery; and
- potentially reducing the risk of judicial review.

25 *Northern Ireland Infrastructure Report*, Confederation of British Industry (CBI), 2013

26 The CBI envisaged that the Translink, Northern Ireland Water and Road Service Centres of Procurement Expertise (CoPEs) would continue to operate separately. Paragraph 2.13 explains that relevant Health functions were transferred to CPD in October 2014.

In 2016, the Organisation for Economic Co-operation and Development recommended an evaluation of the roles of the Procurement Board, CPD, SIB and commissioning entities

2.21 A 2016 report[27] by the Organisation of Economic Co-operation and Development (OECD) identified the importance of eliminating duplication in administrative functions and institutional frameworks to drive efficiency. The OECD recognised efforts in Northern Ireland to ensure efficiency in major infrastructure procurement, including the creation of a centralised procurement and delivery service in CPD (following the transfer of the relevant part of the Health Estates Investment Group in 2014), the simplification of pre-qualification processes, the standardisation of terms and conditions for contracts across the government and the implementation of eTendersNI[28].

2.22 However, it concluded that the need to better respond to the procurement needs of government, focusing on value for money and achieving efficiency, has not been matched by the development of new procurement approaches or the adoption of new solutions. The OECD identified *'aversion to risk'* as the main factor slowing process innovation and recommended pursuing greater use of information systems and actively engaging with stakeholders to improve innovation and services, while reducing risks in procurement.

2.23 While all public bodies involved in construction projects must have access to the right mix of professionalism in procurement and construction, the OECD highlighted that developing expertise across numerous departments is duplicative and costly. During the OECD research, interview participants expressed a range of views about the relationship and potential for overlap between the work of CPD and SIB. The OECD identified that roles and responsibilities of stakeholders in procurement need to be clarified. In major procurement projects, the Procurement Board, CPD, the SIB and commissioning entities all have a role to play. The OECD commented that this can appear duplicative, undermining effectiveness and efficiency gains.

2.24 The OECD made the following recommendations:

- Evaluate, with relevant stakeholders, agenda-setting for the Procurement Board;
- Address perceived risk aversion to empower innovative decisions;
- Develop further the role of officials responsible for commissioning procurements;
- Lever existing successes as pilots to cross silos; and
- Clarify and harmonise the roles of relevant stakeholders in the commissioning and delivery of major infrastructure projects.

27 *Northern Ireland (United Kingdom): Implementing Joined-up Governance for a Common Purpose*, The Organisation for Economic Co-operation and Development (OECD), 2016.

28 eTendersNI advertises opportunities for providing goods, services and works across Northern Ireland government departments, agencies and arm's-length bodies.

Part Two:
Roles and responsibilities relating to Major Capital Projects

Conclusions and Recommendations

2.25 A series of reviews of the roles of the Procurement Board, CPD, SIB and commissioning entities have highlighted that current commissioning and delivery arrangements in Northern Ireland are not fit for purpose and have identified the need to:

- eliminate duplication in administrative functions and institutional frameworks;
- improve project prioritisation;
- reduce bureaucracy by focusing more on *'within budget'* and *'on time'* delivery, rather than on process; and
- drive better deals by increasing innovation.

2.26 We fully endorse these recommendations. While we note the transfer of the relevant part of the Health Estates Investment Group to CPD in 2014, it is disappointing that further progress in transforming commissioning and delivery arrangements in Northern Ireland has not been made.

2.27 We agree that there is significant merit in considering how alternative models, resourced with sufficient, highly skilled staff could improve future infrastructure delivery by supplementing public sector skills with those available in other sectors and streamlining processes. We recommend that the potential benefits of alternative models are fully explored as a matter of priority.

Part Three:

Departmental Management of Major Capital Projects (including Flagship Projects)

Part Three:
Departmental Management of Major Capital Projects (including Flagship Projects)

Over the period April 2011 to March 2019, the Northern Ireland public sector major capital project portfolio consisted of 54 projects with a total value of almost £5.5 billion

3.1 We used information held by the Supply Division (within DoF) to identify major capital projects (capital projects with budget approval over £25 million, and excluding programmes, grant schemes and housing association projects) which commenced during the period 1 April 2011 to March 2019. We issued that information to all departments and asked each to ensure the information was complete and accurate, to supplement the list with major capital projects approved prior to April 2011 but completed during this period and to provide information on the progress of each project. The final list of major capital projects, verified by departments, contains details of 54 projects with an original estimated cost of over £5.5 billion (**Appendix 4**). While we note that a number of projects have suffered time delays and cost overruns, we recognise that several projects completed over the period examined were delivered on time and within budget.

The Department for Infrastructure and Department of Health are responsible for over half of these major capital projects

3.2 Over the seven year period to March 2019, the majority of the major capital projects (61 per cent by number and 72 per cent by cost) were managed by two departments - the DfI and DoH (**Figure 3.1**).

3.3 The DfI reported the largest major capital project portfolio, 17 projects (31 per cent of the total) with a combined cost of £2.4 billion (43 per cent of the total). The majority of the DfI projects relate to roads and transportation including, for example, four of the Executive's flagship projects: the A5 and A6 roads (Case Studies 1 and 2 at **Appendix 1**); the Belfast Rapid Transit (Case Study 3 at **Appendix 1**); and the Belfast Transport Hub (Case Study 4 at **Appendix 1**).

3.4 The DoH reported 16 major capital projects (30 per cent) with a combined estimated cost of £1.6 billion (29 per cent). The majority of DoH major capital projects within the Health and Social Care Trusts or its Arm's Length Bodies are manged using the project management services of CPD Health Projects and typically involve creating additional or replacement facilities, for example, the two Executive flagship projects: the Mother and Children's Hospital and the Northern Ireland Fire and Rescue Service (NIFRS) Learning and Development Centre at Desertcreat (Case Studies 5 and 8 at **Appendix 1**).

3.5 The DoH told us that while it is continuing to invest in flagship and other projects which were contractually committed in line with previous Ministers' strategic priorities, the funding envelope and single year budget environment has not allowed any significant new investments to progress in recent years. It is currently developing a strategic assessment of its long term capital priorities, with input from Health and Social Care Trusts and other ALBs, which will be subject to endorsement by an incoming Minister.

Figure 3.1 Departmental Major Capital Projects
Between 1 April 2011 and 31 March 2019, just over 70 per cent of Northern Ireland departmental expenditure on major capital projects related to infrastruture and health.

Department	No. of projects	Amount (£ million)
DfI	**17**	**2,410**
DoH	**16**	**1,580**
DfE	8	655
DE	7	395
DoJ	3	258
DfC	2	204
DAERA	1	30
DoF	0	0
TEO	0	0
Total	**54**	**5,532**

Source: Departments

Despite the existence of good practice, access to expertise and mechanisms for facilitating lesson learning, departments still struggle to deliver major capital projects within the timescales and costs anticipated in original business cases

3.6 While representatives attending our focus group acknowledged that there is extensive guidance available in relation to managing major capital projects, and that the experience and skills available within SIB, CPD and individual Centres of Procurement Expertise (CoPEs) can be relatively easily accessed, we found that some departments still struggle to deliver major capital projects within budget and on time.

3.7 Our high level review (see **paragraph 1.16**) of projects identified that many of the issues identified in previous reports continue to impact on the successful delivery of major capital projects in Northern Ireland. **Figure 3.2** highlights the reasons for cost overruns and time delays on specific projects. Details of individual projects are provided at **Appendix 1**.

3.8 The DfI Belfast Rapid Transit project was the only project we examined which has been delivered within the estimated costs outlined in the initial business case (although the final cost slightly exceeded the cost outlined in the full business case). In relation to the other flagship

Part Three:
Departmental Management of Major Capital Projects (including Flagship Projects)

projects to date, none have been delivered within original timescales or within budget. We noted however that:

- DfI expects that two (of the three) elements of DfI's flagship A6 project are expected to be delivered for close to, or less than, the estimated full business case cost and within one year of the estimated timescale. The third element of the overall project has been put on hold.

- Two projects of the Regional Stadia Programme (Case Study 9 at **Appendix 1**) were delivered within budget and broadly within time estimates.

3.9 Latest departmental estimates for flagship projects indicate that:

- Costs for the A5 will exceed the outline business case costs by 38 per cent and delivery will be 10 years later than expected[29];

- Costs and delivery timescales for both elements of the Mother and Children's Hospital project will be exceeded. The Regional Children's Hospital is due for completion by 2025 (five years later than the date specified in the outline business case) at a cost of £353.9 million (59 per cent higher than the original business case cost including inflation and construction price issues). The Maternity Hospital is due for completion in 2021 (six years later than anticipated in the outline business case) at a cost of £73.9 million (29 per cent higher than the outline business case cost, but in line with the FBC which will have fully incorporated inflation and construction price changes).

- Three years after the original expected completion date, the Casement Park Stadium project has yet to begin. Casement Park Stadium costs are expected to exceed original estimates by £32.5 million (42 per cent). While one year after the expected completion date, the Sub-Regional Stadia Programme for Soccer has not yet begun. The likely revised cost of this programme is not yet known.

3.10 In relation to the additional four projects we examined, none have been delivered within envisaged timescales. We noted that:

- While delivery of the Primary Community Care Centres (PCCCs) (being delivered by an alternative delivery approach 'third party development' (or 3PD)) has been delayed by over five years, the agreed unitary payment for the Lisburn PCCC is less than that anticipated in the Business Case. DoH expects that the Newry PCCC will be in a similar position.

- The Critical Care Centre is now expected to be completed eight years later than originally expected at a cost of £151.7 million (60 per cent in excess of the original business case estimate).

29 DfI highlighted that the circumstances surrounding delivery of the scheme changed significantly after the outline business case was prepared. It also highlighted that uplifting the 2010 baseline costs to a 2017 base year, using the Bank of England inflationary indices, reduces the comparable cost overrun to 13 percent.

- The Ulster University, Greater Belfast Development is now expected to be delivered three years later than the originally expected at a cost of £363.9 million (43 per cent in excess of the original budget).

- The Strule Shared Education Campus is now expected to be completed four years later than originally expected at a cost of £213.7 million (27 per cent in excess of the original budget).

3.11 **Figure 3.2** shows that the main issues causing delays or changes to the projects include:

- the need to substantially change the scope of the project to ensure more efficient use of resources (**NIFRS Learning and Development Centre at Desertcreat**);

- funding constraints (affecting a number of projects);

- legal challenges to the **A5** and **A6** projects at planning and during construction; and

- the time taken to get planning approval for the **Belfast Transport Hub** and **Casement Park Stadium** (part of the flagship **Regional Stadia Project**).

3.12 In the four additional projects we examined (other than flagship projects) the main causes of delay included:

- funding restrictions led to the exploration of alternative funds for the **Lisburn and Newry Primary Community Care Centres** project. It was hoped that this would avoid delays associated with awaiting conventional capital funding however, both projects still suffered delays;

- limited interest from the construction sector in **Strule Shared Education Campus project**. One company reported that it would not be submitting a tender against the backdrop of the political difficulties following the collapse of the NI Executive in January 2017. Given that this left only one bidder in the procurement process, the department took the decision to suspend the competition; and

- construction issues have led to major re-working and consequent delays in both the **Critical Care Centre** and the **Ulster University, Greater Belfast Development**.

3.13 We intend to keep the progress of the flagship and other projects we examined under review.

Part Three:
Departmental Management of Major Capital Projects (including Flagship Projects)

Attendees at our focus group highlighted problems they have encountered which impact on the cost and timing of major capital project delivery

3.14 Members of our focus group (see **paragraph 1.2**) confirmed that a reduction in the capacity and interest of the local construction sector has impacted on their ability to deliver projects. They highlighted that, in their experience, some Northern Ireland construction companies focus their attention on work in England and the Republic of Ireland, where capital build has more buoyancy than in Northern Ireland.

3.15 While accepting the need for the business case process, members told us it can add significant time and cost due to layers of review involved, queries on aspects other than key factors and the need to produce detailed updates to reflect changes.

3.16 Members also mentioned that the increasing appetite in Northern Ireland to challenge procurements and decisions (the latter through Judicial Review[30]), whether successful or not, can result in the need to revise plans, refresh environmental impact assessments and re-work business cases for approval. This view was echoed by the Construction Employers Federation. We intend to carry out an audit of the Northern Ireland Judicial Review process during the 2020-21 financial year.

3.17 Other concerns raised included:

- funding uncertainty beyond the current year/budgeting period makes planning and scheduling for future projects problematic; and
- the absence of a local assembly is beginning to impact on the pipeline of delivery.

30 Judicial Review is a particular type of court action where an individual challenges the decisions or actions of a body performing a public function. Judicial Review is a remedy of last resort, with the court examining how the body arrived at its decision rather than the merits of the actual decision itself – usually the court examines whether the body observed all the relevant legal rules, standards and requirements and acted within the limits of its powers.

Conclusions and Recommendations

3.18 The Northern Ireland public sector faces significant challenges delivering against its major capital projects portfolio. From our high level overview of a number of projects and our focus group, we identified that challenges typically include funding difficulty or uncertainty, challenges through the courts, delays with planning or a lack of appetite and capacity within the local construction industry to take on public sector work.

3.19 Although in 2015, the Northern Ireland Executive identified a number of flagship projects and prioritised these by providing secured funding over the five year period to 2022, we noted that a number have not proceeded as originally planned. Further, where projects have been completed, in many cases, estimated timescales and costs were exceeded.

3.20 **Part 2** of this report recommends considering the potential benefits of alternative commissioning and delivery models. We acknowledge that it will take time to identify and select the most suitable model for the future. Given that many of the projects we obtained detail on experienced similar problems, we recommend that, in the interim, contracting authorities collaborate and share best practice.

Figure 3.2 Explanation of Cost Overruns and Time Delays in examined projects

Project	Actual/Expected Over(Under)runs Cost[1] £ million	Actual/Expected Over(Under)runs Cost[1] %	Actual/Expected Over(Under)runs Time Years	Reasons for Cost Overruns/ Time Delays: Funding Issues	Legal Issues	Planning Issues	Public Inquiry/ Consultation	Tendering/ Procurement Issues	Scope Change	Design Change	Dependency on other projects	Site/ Construction Issues	Environmental/ Archaeological Issues
Flagship Projects:													
A5 (Londonderry, Strabane, Omagh and Aughnacloy)[2]	301.0	38%	10	✓	✓		✓						✓
A6													
Randalstown to Castledawson	5.0	3%	1	✓	✓		✓		✓	✓			✓
Dungiven to Drumahoe	(16.3)	(7%)	1										
Caw to Drumahoe (project on hold)	-	-	-		✓								
Belfast Rapid Transit	(4.1)	(4%)	1	✓									
Belfast Transport Hub	18.3	9%	2	✓		✓							
Mother and Children's Hospital:													
Regional Children's Hospital	130.9	59%	5	✓					✓	✓	✓	✓	
Maternity Hospital	16.7	29%	6	✓					✓	✓	✓		
Regional Stadia Programme and Sub Regional Stadia Programme for Soccer:													
Kingspan	0	0	0										
Windsor Park	0	0	1										
Casement Park[3]	32.5	42%	N/K	✓	✓	✓			✓	✓			
Sub Regional Stadia Programme for Soccer[4]	N/K	N/K	N/K										
NIFRS Learning and Development Centre, Desertcreat													
Phase 1	0.6	14%	1						✓				
Phase 2 (not yet started)	1.0	2%	3					✓	✓				
Other Projects (Non-Flagship):													
Critical Care Centre	56.7	60%	8	✓						✓		✓	
Primary Community Care Centres[5]:													
Lisburn	N/A	N/A	5	✓				✓					
Newry (2 year build not yet started)	N/A	N/A	>5	✓		✓		✓					
UU –Greater Belfast Development[6]	109.9	43%	3		✓			✓	✓			✓	
Strule Shared Education Campus	44.8	27%	4					✓					

Source: Departments

Note 1: This will include inflation and construction industry price pressures which were not foreseeable at the time of the OBC.

Note 2: The Department informed us that uplifting the OBC estimated cost (£799 million) to a 2017 base year using Bank of England inflationary indices gives a revised cost of £975 million. Using the uplifted figures reduces the overspend to £125 million (13%).

Note 3: In the absence of Ministers, it is not possible to estimate a construction start or completion date.

Note 4: The Sub Regional Stadia Programme for Soccer is pre-Outline Business Case stage, therefore no revision to actual costs and construction dates has been confirmed. The Sub-Regional Stadia Programme for Soccer was not launched prior to the collapse of the Executive in January 2017 and there has been no progress in the programme delivery.

Note 5: The Primary Community Care Centres are being delivered using 3PD.

Note 6: DfE explained that the final cost figure includes £25.3 million relating to additional planned works around Frederick Street and Block BA BB. Excluding these costs reduces the overspend to £84.6 million (33 per cent).

Appendices

Appendix One: Departmental Case Studies

(Paragraphs 1.2, 1.16 and 3.7)

Department for Infrastructure Case Studies:

1. A5
2. A6
3. Belfast Rapid Transit
4. Belfast Transport Hub

Department of Health Case Studies:

5. Maternity and Children's Hospital
6. Critical Care Centre
7. Lisburn and Newry Primary Community Care Centres
8. NIFRS Learning and Development Centre, Desertcreat

Department for Communities Case Study:

9. Regional Stadia Programme and Sub-Regional Stadia Programme

Department for the Economy Case Study:

10. Ulster University, Greater Belfast Development

Department of Education Case Study:

11. Strule Shared Education Campus

Appendix One
Case Study 1

A5

The A5 is one of five key transport corridors identified in the Regional Transportation Strategy for Northern Ireland. Its development will improve strategic links between Londonderry, Strabane, Omagh and Aughnacloy and with the Republic of Ireland.

First identified in 2007, at 55 miles (88 km), it was to be the single largest road scheme undertaken in Northern Ireland. In July 2009, when the preferred route was announced, the cost of the scheme was estimated at between £650 million and £850 million. Construction was originally intended to commence in 2012, with completion planned in 2018. Commissioned in late 2007, the project was brought to the point of construction in August 2012, with a contractor appointed. Delays from that date have been largely due to a succession of legal challenges.

The project was included as a commitment under the Fresh Start Agreement and was recognised as a ‘flagship’ project in the Northern Ireland Executive’s 2016-17 budget, which allocated funding of approximately £230 million to the project over the four years to 2020-21.

Funding Difficulties

At the outset, the project was expected to benefit from a significant funding contribution from the Republic of Ireland Government – up to £400 million. However, due to the financial crisis this was scaled back and £8 million was received from the Republic of Ireland Government in 2009-10 and £14 million in 2011-12. Under the Fresh Start Agreement, in November 2015, the Republic of Ireland Government committed to providing a further £75 million (£25 million each calendar year over a three year period).

In light of the funding shortfall, in February 2012 it was announced that the project would be taken forward in three, more manageable, phases. The total cost of all three phases is now estimated to be around £1.1 billion.

A business case for the full scheme (all phases) was approved by DoF in October 2017. This was developed in conjunction with DoF to facilitate the necessary DoF approvals associated with the phased delivery of the scheme.

At present, only part of the first phase of the project is being taken forward, a stretch of about 15km, between Newbuildings and Strabane, originally estimated at a cost of £168 million. Plans anticipated that construction would commence in 2017 and be completed in 2019, however progress to construction has been stalled as a result of legal challenge. DfI estimates that this element of the project could start in 2020 with completion in 2022 and with projected costs expected to increase to £207 million. Further legal challenge is however likely.

Appendix One
Case Study 1

The anticipated timeframe for the remaining phases suggests construction of the second part of phase 1 (Omagh to Ballygawley) between 2021 and 2023 (at a cost of £270 million), with phase 2 (Strabane to Omagh) between 2023 and 2025 (at a cost of £499 million), and the final phase (Ballygawley to Aughnacloy) between 2026 and 2028 (at a cost of £158 million). Delivery of the scheme is dependent upon completion of statutory procedures and availability of future funding.

If achieved, this would represent an overrun of some 10 years in project delivery. Revised costs for these elements of the project are not yet available.

By March 2019, just over £80 million had been spent on the project. The bulk of this relates to development and preparatory work on the project in the form of payments to consultants (£49.7 million) and contractors (£20.5 million), ground investigations (£4 million), services (£1.1 million) and archaeology (£1 million). It also includes £2.9 million land related costs (such as compensation to landowners) and other costs related to public consultations and inquiries (£1.1 million). To date, no actual road building has taken place on site.

DfI has confirmed that it is unlikely that any expenditure on construction works will be incurred in the 2019 calendar year.

The capital budget has not yet been set for 2020-21 and beyond. DfI and DoF will factor future Republic of Ireland contributions into future capital budgets once construction commences.

Legal Challenges

Progress on the A5 project has been stalled on three separate occasions as a result of legal challenge.

1. In the first legal challenge (in September 2012), the Court dismissed 11 of the 12 grounds of the challenge but found against DfI on one issue, that an appropriate assessment under the Habitats Directive should have been carried out. As a result, legal orders in relation to the first phase of the scheme were quashed, which necessitated the reinstatement of preliminary works and the return of vested land. The cost of reinstatements was just under £2 million.

   Between April 2014 and October 2017, in addressing the issues identified in the first legal challenge, DfI entered into a process of consultation on a number of habitats directive assessments and a revised environmental statement. The scheme plans were also subject to a public inquiry between October and December 2016, administered by the Planning Appeals Commission.

2. In August 2016, objectors to the project applied for leave to apply for a Judicial Review on two grounds: whether the public inquiry should look at alternatives to the scheme; and whether the Northern Ireland Executive's Programme for Government (PfG) (which is still in draft) requires strategic environmental assessment. In November 2016, the Courts refused the leave application on grounds relating to the public inquiry and the application for leave regarding the PfG was adjourned, with opportunity for applicants to refer back to the Court later if necessary.

   Subsequent to the rejection of the second legal challenge, a decision to proceed was announced in November 2017. A direction order[31] was made in relation to the first two phases of the road between Newbuildings and Ballygawley together with a vesting order[32] for the section of road between Newbuildings and Strabane. Works on this initial section were expected to start in early 2018.

3. Although preliminary works and archaeological investigations have been progressing, construction has stalled as a result of a further legal challenge received in December 2017. Among other things, this challenge questioned the authority of the DfI senior officials (in the absence of a Minister) to make the decision to proceed with the scheme. DfI defended the challenge with the expectation that the Northern Ireland (Executive Formation and Powers) Act 2018 (enacted in November 2018) would be fully retrospective. However, given that the new legislation does not apply to decisions subject to legal challenge prior to the enactment date and in light of recent High Court decisions, DfI concluded that it was not in the public interest to continue defending the challenge.

DfI told us that the nature of environmental legislation and its interpretation by the Courts, whereby information needs to be both comprehensive and current, perpetuates the development cycle when interspersed with delays through legal challenge. The legal challenges mounted (on multiple grounds) result in delays, with consequential impacts, for example, on environmental and design work. This necessitates further work, time and funding to rebut each challenge and to update and refresh assessment/design work sufficiently to be robust and defensible.

DfI has indicated that it is progressing the necessary work to enable a fresh decision on the project to be taken. An addendum to the existing Environmental Statement and updated reports to inform an Appropriate Assessment were published for a six-week public consultation which concluded on 17 May 2019. DfI considered all the representations made and, in view of the number and nature of the issues, has decided that a further public inquiry will be necessary.

The full business case for the first part of Phase 1 (Phase 1a) has been prepared. DfI Economics Branch and Strategic Road Improvement HQ completed its initial review of this business case and provided feedback in early March 2019.

31 Direction order – a statutory order giving the Department permission to create a new trunk road.

32 Vesting order – a statutory order allowing the Department to acquire land for the construction of a new road.

Appendix One
Case Study 1

Given the need for a further public inquiry, works on the first phase of the project could commence in 2020, for completion in 2022. Further legal challenge is however likely.

When a fresh decision on whether to proceed with the scheme needs to be made, and in the continued absence of a Minister, DfI will consider the provisions of the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 and the associated guidance issued by the Secretary of State, if these still apply.

Appendix One
Case Study 2

A6

This flagship project involves upgrading the A6 element of the North Western Transport Corridor connecting Belfast to Londonderry. Current estimates indicate that the project, which will be delivered in two sections, will cost around £600 million.

Section 1 involves 9.1 miles (14.7 km) of dual carriageway[33] between Randalstown and Castledawson, either side of the Toome Bypass. Preliminary feasibility options were published in the Regional Strategic Transport Network Plan in 2005 with an indicative cost estimate of £34 million. Development of the scheme, taking account of environmental, geographical, geological, geotechnical, archaeological and legislative constraints, stakeholder requirements and equality issues along with delays due to funding pressures and legal challenge, have resulted in an approved Full Business Case estimate of £184 million[34] for the defined scheme. The estimated outturn project cost is £189 million (including historic costs). Funding was secured when the scheme achieved flagship status in the 2016 Budget.

Section 2 is being taken forward in two phases and will provide 18.9 miles (30.5 km) of dual carriageway between Dungiven and Londonderry (including a bypass of Dungiven). Earliest reasonable estimates for this scheme were provided following the Public Inquiry in 2012. This estimate included all of Section 2 at a cost of £419 million.

At present only phase 1 of Section 2 (15.8 miles (25.5 km) between Dungiven and Drumahoe) has started. This phase is expected to be completed by spring 2022 and cost around £239 million.

Funding has not been identified for Section 2, phase 2 (Drumahoe to Londonderry - 3.1 miles (5 km)) where progress is impeded by the discovery of illegal waste sites (which encroach upon the alignment of Section 2 of the Londonderry to Dungiven scheme) and the associated ongoing Northern Ireland Environmental Agency (NIEA) legal action. DfI is liaising closely with NIEA which is developing a strategy to mitigate the waste sites. NIEA's legal action and remediation programme have the potential to further delay delivery of Section 2 as it is unlikely that road construction can commence until NIEA's remediation works have been carried out.

The current overall estimate for Section 2 is a total of £410 million (phase 1 and 2) – in line with the estimates developed following the Public Enquiry in 2012. The delay in funding availability until the NI Executive's 2016-17 Budget resulted in a later delivery than that presented for traffic assessment purposes at Public Inquiry stage. The first phase is currently expected to be complete by spring 2022.

33 7.3 km between Randalstown and Toome and 7.4 km between Toome and Castledawson.

34 The approved full business case (including sunk costs) for the A6 Randalstown to Castledawson has been uplifted by £10.6 million reflecting delay costs incurred as a result of an unsuccessful legal challenge.

Appendix One
Case Study 2

DfI told us that the increase in costs can be attributed to:

- inflation and, in particular a general increase in construction costs;
- the implications of increased environmental awareness and legislative requirements, together with increased archaeological awareness and investigative requirements;
- design changes, together with associated increased consultant's fees, resulting from development of the scheme as a consequence of additional requirements arising from public inquiry and emerging scheme complexities; and
- an increase in project costs as a result of delays encountered following legal challenge.

By 31 March 2019, almost £174 million had been spent on the A6 project.

Funding Difficulties

Progression of this project has been delayed as a result of lack of funding. While adequate funding was available within the departmental budget to advance project elements through statutory processes, progression to procurement and construction stalled because of a lack of dedicated funding.

Following inclusion of the A6 as a 'flagship' project in the NI Executive's 2016-17 budget, providing a funding allocation to 2020-21, the project was able to progress.

The overall funding allocation to 2021 is not sufficient to complete the entire project. This provides the opportunity for NIEA to take the necessary legal actions and develop (with DfI) suitable mitigations for the second phase of Section 2 (Drumahoe to Londonderry). As a result, the delivery timeframe for this phase of the project remains uncertain

Legal Challenge

In addition to funding issues, commencement of construction of Section 1 was delayed by an extended legal challenge around environmental issues. While at all stages of the challenge the courts found in DfI's favour, construction, originally anticipated to start in October 2016, did not begin until June 2017 and in some areas was delayed until March 2018 (as works are prohibited between September and March when these areas become the winter home for Whooper Swans). DfI told us that, as a result of this unsuccessful legal challenge, additional costs of almost £11 million have been incurred.

Appendix One
Case Study 3

Belfast Rapid Transit

The Belfast Rapid Transit (BRT) system was originally proposed in the 2002-12 Regional Transportation Strategy (RTS) with an indicative cost of £100 million.

The Investment Strategy for Northern Ireland 2008-2011 announced that work would start on the first rapid transit line in Greater Belfast by 2011 and, although the preferred routes and technical options needed detailed analysis, the network capital costs were estimated at between £101.5 million and £176 million, with a mid-range of £148.8 million. Anticipated completion dates were:

- CITI route (City Centre to City Airport Titanic Quarter) - March 2012;
- EWAY route (City Centre to Dundonald) - September 2014; and
- WWAY route (City Centre to West Belfast) - March 2016.

The Outline Business Case (approved in August 2012) consolidated the three routes into one project and estimated that the total cost would be £98.5 million (including risk budget and optimism bias) and would be completed in 2017-18.

Following various changes to the project in September 2015 and as a result of funding uncertainties, the estimated cost was reduced to £87.9 million (including risk budget and optimism bias) and the completion date revised to 2018-19. The project was subsequently given flagship status in December 2015.

While the BRT system has been completed and is operational, the project will not be closed, from a project management point of view, until later this year. This will enable completion of the post project evaluation and the Gateway 5: Operations Review and Benefits Realisations. The forecast final project outturn is estimated at £94.4 million. At 31 March 2019, £93.6 million had been spent on the BRT project.

The new BRT services, operated by Translink under the brand name *Glider*, commenced on 3 September 2018. The BRT Glider has resulted in an additional 45,000 additional passenger journeys per week on BRT corridors, compared with the previous year. This represents an increase of 30 per cent. Comparing patronage figures against the 2013 baseline figures shows an increase of 60 per cent.

The Glider has produced an increase of 25 per cent in patronage by older people and people with disabilities, public transport journey time savings of up to 27 per cent, an increase in cross-city travel by public transport, fuel efficiency improvements of up to 40 per cent and up to 90 per cent improvements in emissions.

In view of the success of the project[35], subject to Ministerial agreement, DfI proposes to extend the BRT network to potentially serve the North and South of Belfast City and the Queen's University/ City Hospital area. This proposed extension to the BRT network is included as one of the major infrastructure projects in the Belfast Region City Deal.

35 The BRT project received the Major Project of the Year Award from the Chartered Institute of Highways and Transportation.

Appendix One
Case Study 3

Funding Difficulties:

Implementation and completion of the BRT Programme was dependent on completion of the required road infrastructure, procurement of vehicles, provision of facilities to provide off-board ticketing and completion of the Duncrue Depot project (which will house and maintain approximately 100 buses, including the new fleet of BRT vehicles). Each of these interdependent projects was completed on time and therefore allowed BRT to commence operations as planned on 3 September 2018.

The potential for delay on this project was identified by DfI in 2014. By September 2015, given severe budget pressures across the Northern Ireland Civil Service, it became clear that it would not be possible to deliver all the elements required to complete the project by 2017. As a result, the operational date was revised to September 2018 and the tender process for the vehicles was delayed. DfI informed the Northern Ireland Assembly of the change to the operational date in September 2015, prior to the project being designated as a flagship project by the Executive.

Appendix One
Case Study 4

Belfast Transport Hub

The Belfast Transport Hub (the Hub) is a transport-led regeneration project planned to be a key driver of economic growth and prosperity for Belfast and Northern Ireland. The first element of the project (described in this case study) relates to the development of a new integrated public transport hub. Following development of the Hub, a regeneration project will commence to develop land around the new transport hub for a range of commercial and residential users.

Plans for the development of a new Hub were included in the 2002 Regional Transport Strategy and the associated 2004 Belfast Metropolitan Transport Plan. The Hub will provide a new, integrated transport facility - replacing the existing Europa Bus Centre and the Great Victoria Street Rail Station on a new 22 acre site. It will also include the Belfast to Dublin train service.

The Hub will include an integrated bus and rail concourse, eight new rail platforms, new bus stands, retail and commercial premises, park and ride facilities, a cycle hub and links to other transport modes.

In March 2010, the Department for Infrastructure (DfI) announced plans to explore the opportunities for the project. The outline business case (June 2017) estimated that the project would cost £208.9 million. On the basis that planning permission could be secured by September 2017, the estimated project completion date was September 2023.

Translink took forward the planning application for the project which was awarded at the end of March 2019. At this stage, Translink commissioned Grant Thornton to undertake a review of the outline business case costs. Based on the results of the review, DfI and DoF approved an increase in costs to £227.2 million. The revised completion date is now estimated at July 2025 with the station opening at the end of 2024. During the time taken to obtain planning permission, Translink progressed elements of the building design and procurement processes. A contractor for the enabling works is due to be appointed by the end of 2019.

Translink is also progressing the main works procurement, in line with the planning approval and outline business case. Translink will then submit a final business case for approval by DfI and DoF.

Costs of £20.3 million have been incurred on project development and design to 31 March 2019.

Appendix One

Case Study 4

The project has been (and will continue to be) subject to Gateway reviews.

Funding:

Following revision of the outline business case costs, DfI issued a letter of offer to Translink (in August 2019) for the revised project cost of £227.2 million. As a flagship project, this funding will be prioritised within the Department's allocation to Translink.

Planning:

The planning application for the Belfast Transport Hub was lodged with Belfast City Council in June 2017, accompanied by an Environmental Statement. The application was called in by DfI because the project was considered to be of regional significance. After consideration, Further Environmental Information (FEI) was required to supplement the application. Once the FEI was completed and submitted, DfI considered and approved the application, taking account of the provisions of the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 and the associated guidance issued by the Secretary of State.

Appendix One
Case Study 5A

Regional Maternity Hospital

Considerations and decisions on the merger of maternity services in Belfast began in the 1990s. In December 1999, it was proposed that maternity services should be located in a new hospital on the Royal Hospital site. At that time, it was expected that the new maternity hospital would be open within five to six years, that is, by 2006.

By 2005, plans had emerged for a new Women's and Children's Hospital. However, this idea was shelved because of capital funding constraints. A review, initiated by the (then) Minister in June 2010, identified that, given the shelving of plans for the Women's and Children's Hospital, the top three floors of the Critical Care Centre (see Case Study 6) could be used to provide maternity beds by 2015, at a cost of £8.2 million. The new maternity hospital, providing the remainder of the accommodation, was estimated at a total cost of just under £49 million.

The key driver in the development of a new maternity hospital at the Royal Hospital site reflects the need for the replacement of existing inadequate facilities. The new maternity hospital will provide care for 6,000 plus births per year and will include an admissions unit, 10 inpatient beds, 25 birthing rooms, 3 dedicated theatres and 45 neonatal cots.

The overall project is being taken forward in three phases – the construction of the new maternity building, the demolition of the existing neonatal wing of the existing maternity building, and the construction of a bridge link to the Critical Care Centre. While separate from the Children's Hospital project at the Royal Hospitals site, there are some interdependencies between the two projects.

The project, along with a new Children's Hospital, forms an integral part of the 'flagship' Mother and Children's Hospital project.

To March 2019, approximately £29.3 million had been expended on the project on design costs, enabling works and initial construction works.

Work on Phase One of the project, the new maternity building, commenced in November 2017 and is currently on track for completion in August 2020. Phase Two is expected to be completed in March 2021 and Phase Three (the linkage with Critical Care Centre) in September 2021. Overall, this reflects a delay in delivery of approximately six years against the original business plan and some 15 years against earliest expectations.

The cost of the project is currently estimated at £73.9 million, over 50 per cent (£25 million) higher than 2010 estimates, reflecting inflationary and construction industry price pressures and design

Appendix One
Case Study 5A

changes, which were required to ensure a clinically effective service will be provided across the two buildings.

Funding

Lack of funding has been the main cause of project delay, with early plans for a Women's and Children's Hospital failing to proceed because of capital funding constraints. Funding was initially allocated in 2012-13 to commence design and enabling works. However, it was not until December 2015, when the project was deemed a Northern Ireland Executive flagship project, that there was certainty over funding (from 2016-17 onwards). In addition, the reconfiguration of the project to incorporate the use of the Critical Care Centre in the provision of maternity services represented a major change in the nature of the project.

Appendix One
Case Study 5B

Regional Children's Hospital

The development of a Regional Children's Hospital evolved when it became clear that earlier plans for a Women's and Children's Hospital could not progress because of funding constraints. Subsequent to the decision to develop a separate Maternity Hospital, plans for a new Children's Hospital, at the Royal Hospital site in Belfast, were announced in October 2013.

The Children's Hospital was to serve the acute paediatric needs of Greater Belfast and provide regional specialist paediatric services to the wider population of Northern Ireland. Viewed as a priority by the Northern Ireland Executive, spend on the Regional Children's Hospital commenced in 2014-15. Plans anticipated that it would be completed, and opened, in July 2020, at a cost of £223 million.

The Children's Hospital, along with the new Maternity Hospital, was announced as the 'flagship' Mother and Children's Hospital project identified in the 2016-17 NI Executive budget (December 2015). Funding of £242.7 million was allocated to the flagship project over the five years 2016-17 to 2020-21.

Successful delivery of the project is dependent on the delivery of a number of other projects on the Royal Hospitals site (incorporated within the site Development Control Plan). These include the new Maternity Hospital which will have physical links to the Children's Hospital; the energy centre which will provide power to the new Hospital; and car parking and site infrastructure developments which will support the operation of the new facilities and the wider site.

Formal Department of Health (DoH) approval to proceed with the project was provided on 26 February 2014. Approved total available funding is allocated through annual capital budgets. By March 2019, £39.4 million had been spent on the project - mainly on design and enabling works. A planning application was submitted in August 2018.

An addendum to the business case was approved by DoH and DoF in October 2018. This set out the rationale for the 59 per cent increase in project costs (from £223 million to £353.9 million). The additional costs are attributable, in the main, to:

- Design Changes – the majority of the design changes are as a result of guidance and legislation changes introduced since the original business case was approved; and
- Inflationary uplift (approximately £80 million) and construction industry pressure.

Procurement of the main works is scheduled for July 2019 to June 2020. Current estimates suggest commencement of the main works in 2021 for completion in late 2023. The new facility is expected to open in early 2024, more than three years later than originally planned.

Appendix One

Case Study 5B

Funding

Lack of funding has been the main cause of project delay, with early plans for a Women's and Children's Hospital failing to proceed due to capital funding constraints. Funding allocated in 2014-15 allowed commencement of design and enabling works. The announcement of the project as a flagship project, in December 2015, provided funding certainty from 2016-17.

Unforeseen underground services

The discovery of underground services (a fibre optic cable supplying a critical data centre serving all Northern Ireland Trusts) significantly affected completion of enabling works.

Planning

The planning application was approved in April 2019.

Appendix One
Case Study 6

Critical Care Centre

Northern Ireland's 2003 healthcare strategy outlined plans to centralise treatment of the most complex medical cases in Northern Ireland at the Royal Group of Hospitals (RGH) within the Belfast Health and Social Care Trust. This was to be achieved, in part, through a series of development projects across the RGH estate. Phase 2B of these projects related to the construction of a Critical Care Centre (the Centre).

The original business case (2001) envisaged that the six storey Centre would be completed by June 2005 at a cost of £33 million. Following detailed design and specification changes which increased the size of the Accident and Emergency, Theatres, Burns and Critical Care Departments (in order to comply with 2003 NHS Building Notes), the addition of an Education Centre (previously to be delivered as part of Phase 2C), improved standards of isolation facilities and air-conditioning systems and the inclusion of a helipad, it was decided to increase the Centre to a 10 storey building. The revised project was expected to be delivered by 2012 at a cost of £95 million.

In June 2010, the Minister for Health called for a review of the accommodation within Phase 2B. In 2011 an Emergency Business Case was produced which identified a reduction in the need for specialist Burns and Critical Care beds. The review proposed a further project change relating to Levels 7, 8 and 9 to accommodate maternity post-natal beds and outpatient services (remaining maternity services were to be provided within the new Regional Maternity Hospital (see Case Study 5B)) in the Centre. The estimated costs were revised to £151.7 million (£143.5 million for Phase 2B as originally planned and £8.2 million to adapt the top three floors for Maternity Services). The estimated completion date remained 2012.

To March 2019, approximately £151.3 million has been expended on the project.

Construction of the Centre commenced in 2007. Although handover took place in April 2015 (subject to a number of outstanding works) the Centre remains partially unoccupied. The Emergency Department (Level 2) was the first part to be occupied. It was relocated within the Centre in August 2015. Level 3 is partially occupied while Level 9 is temporarily occupied. Levels 5, 6, 7 and 8 are currently unoccupied.

Appendix One
Case Study 6

Level	Department	Occupancy Details
0	Plant and Service Tunnel	–
1	Plant	–
2	Emergency	August 2015
3	Theatres	Partially occupied since January 2017. Work on upgrade to theatre standard is expected to be completed early in 2020.
4	Plant/Offices	Occupied since 2018.
5,6	Intensive Care Units	Unoccupied – occupancy expected by Summer 2020.
7,8	Maternity	Unoccupied – occupancy expected during 2020-21.
9	Maternity	Temporarily occupied by outpatient facilities to allow Trust to manage winter pressures. Occupancy for maternity services is expected in 2020-21.

The project has faced numerous delays:

Construction and Guidance/Standards changes

In October 2012, approximately one month before the scheduled handover date, the main contractor on the Critical Care Centre detected corrosion within the sealed water systems which are used for heating and cooling the building. As a result, the contractor replaced all five closed water systems and had to re-commission the building. This work was completed at no cost to the Trust. Handover of the building took place in April 2015 (over two years later than expected), subject to a number of outstanding works and timeframes for completion by the main contractor.

The Emergency Department moved into the Centre in August 2015. In conjunction with this, a programme of post contract works, designed primarily to address changes in NHS Estates guidance and standards, was tendered and awarded to a new contractor. Occupation of the Intensive Care Unit and theatres were subject to the satisfactory completion of these works. The completion of some of these works enabled the transfer of the endoscopy decontamination service and some support accommodation which have been operational since January 2017.

During these works, issues were identified with the drainage system and theatre ventilation system. Additional works were carried out by the Trust to enhance maintainability of the building and address new guidance issues – legal opinion was sought and where appropriate issues were managed under the terms of the contract.

Work required in relation to theatre ventilation is currently being progressed.

The Trust continues to seek legal advice on the management of this project as appropriate.

Given the difficulties encountered with progressing this project, we intend to keep it under review.

Appendix One
Case Study 7

Lisburn and Newry Primary Community Care Centres

The accelerated delivery of Primary and Community Care Centres (PCCCs) was identified as high priority as part of a strategy for improving the delivery of integrated primary and secondary care services. The Lisburn and Newry PCCCs were initiated under Ministerial Direction[36] in March 2013 and recommended for '*fast tracking*'. The new facilities were expected to be in place, and operational, by March 2016 at a cost of almost £80 million. SIB told us that this was probably an unrealistic target, particularly when a relatively innovative process was proposed.

The two PCCCs are pathfinder projects, testing an alternative delivery approach, third party development (3PD): a revenue-funded partnership with a private sector developer. While the business cases for the projects identified that a traditional procurement route provided better value for money, capital funding constraints meant that the projects were unaffordable in the short to medium term. The use of the alternative 3PD approach aimed to facilitate earlier delivery. Under 3PD, the two local Health and Social Care Trusts (South Eastern and Southern) will each enter into a contract for the design, build, finance and maintenance of their new facilities over a term of 25 years.

The capital cost of design and construction of the two new facilities falls to the private sector developers, together with on-going maintenance over the period of the lease/licence arrangement. Once operational, the annual service payment will be funded through Trusts' revenue budgets.

Original estimates, at the time of the Ministerial Direction in March 2013, anticipated annual service charges of just over £4.0 million for the Lisburn Centre and just under £3.6 million for the Newry Centre. As the procurement process progressed, with greater cost certainty through tenders submitted at the preferred bidder stage, expected service charges fell slightly in both projects. DoH has advised that, at this stage, the actual costs are commercially sensitive and has requested that these are not published in this report.

The projects were officially launched to the market in June (Newry) and July 2013 (Lisburn), followed by a period of engagement with potential providers on design solutions. After formal tendering, a preferred bidder was formally appointed for each project in April 2016.

Prior to moving to award of contract, both Trusts entered into a period of design finalisation and contract fine-tuning with their appointed developers. During this time, final planning applications were submitted. While planning approval for the Lisburn facility was received in May 2017, permissions for the Newry Centre (submitted in 2016) remain under consideration. The preferred bidder continues to engage with planners.

36 Where a Government Minister is contemplating proceeding contrary to the advice of the Department's Accounting Officer about the financial propriety, regularity or value for money of a course of action the Accounting Officer will seek a written instruction from the Minister.

The contract for Lisburn PCCC was awarded in early October 2018 and commenced on site on the 15 April 2019. The project is due to complete in Spring 2021, with the Centre operational in August 2021 – over 5 years later than originally expected.

The Newry project, however, remains stalled, awaiting planning approvals. Once resolved, a business case will be prepared for approval prior to awarding the contract. Thereafter, construction is expected to take two years. A revised timeline for completion will be developed and included in the planned business case.

Procurement and Planning Delays

The DoH told us that the material delay in the delivery of both projects reflects the nature of the procurement processes under the 3PD approach.

SIB told us that the original expectation to have both facilities operational by March 2016 proved to be unrealistic for a 3PD procurement method. However, SIB identified there have been delays against what might reasonably have been expected:

- Completion of the competitive dialogue process to select a preferred bidder (approximately six months delay at 'Invitation to Participate in Dialogue' stage).
- Six months delay between identification of the successful tenderer and formal notification, caused by delay in agreeing the appointment business case (provides update on key developments since OBC).
- In the case of Lisburn PCCC only, a six month addition to the construction period. The bidder elected to use the Trust's available site and this entailed six months of demolition/enabling works.
- The finalisation of detailed design and pricing and fine tuning of contract terms with the bidder and funders took longer than expected and delayed the final award of the contract.

The Newry PCCC project has suffered and continues to suffer delays as a result of planning issues.

Appendix One
Case Study 8

NIFRS Learning and Development Centre, Desertcreat

In 2004, the Northern Ireland Policing Board (NIPB) acquired the 101 hectare Desertcreat site (near Cookstown), following approval of an OBC for a proposed Police College, from the Department for Agriculture, Environment and Rural Affairs at a cost of £2.85 million.

In 2007, the Secretary of State for Northern Ireland announced plans to build a new Combined Public Services College at the Desertcreat site to address major shortcomings with the existing NIFRS, Police Service for Northern Ireland (PSNI) and Northern Ireland Prison Service (NIPS) training facilities. In 2010 the cost of the College was estimated at £140 million, including £101 million construction costs.

However, tender prices received for the project were around 30 per cent higher than the approved budget. A further option appraisal was undertaken which re-confirmed development of an integrated college at Desertcreat as the preferred option. A preferred bidder was appointed in December 2013 but, when it became apparent a compliant and affordable bid could not be submitted, the process was terminated.

In 2015, a revised business case identified that, while there was an existing and on-going need for joint training and exercising, a tri-service project approach was more appropriate, with each service developing its own fit for purpose training facility at geographically separate locations.

In March 2016, the Northern Ireland Executive approved a change to the project: only training services relating to NIFRS were to relocate to Desertcreat. Training services relating to PSNI and NIPS were to be taken forward by the relevant departments as separate projects. The project was rebranded as the NIFRS Learning and Development Centre at Desertcreat. The total cost of the rebranded project was estimated at £44.8 million (Phase 1 £4.2 million; Phase 2 £40.6 million). Phase 1 was estimated to be completed in 2018; Phase 2 in 2020.

The original project, which included PSNI and NIPS, was recognised as a 'flagship' project in the Northern Ireland Executive's 2016-17 budget and funding of £79.4 million was secured over the period 2016-17 to 2020-21. The funding secured in relation to the NIFRS Learning and Development Centre at Desertcreat in this allocation amounted to £35.4 million. A further £9.4 million was expected to be secured for 2021-22.

Phase 1 (with an OBC capital value of £4.2 million, increased through an OBC Addendum to £4.8 million) provides a six storey tactical firefighting facility and teaching support building. Construction work commenced in February 2018 and was completed in July 2019. Expenditure to 31 March 2019 totalled £4.7 million.

Phase 2 will provide a multi-function training warehouse, fire call-out scenario village, flood water training facility, road traffic collision scenarios and learning support centre at a capital cost of £41.6 million. Due to delays in the development and approval of the OBC2, Phase 2 is no longer within the original timescales. Construction is planned to start in early 2021 with a two year build period.

Funding and Change of Scope

During the course of the project it transpired that training needs had reduced and that an affordable and compliant bid could not be obtained. As a result, in 2016, the scope of the original project changed. A decision was taken to proceed with relocation of NIFRS training services to Desertcreat while PSNI and NIPS training services were to remain on existing estates. The revised project at Desertcreat was taken forward as a continuation to the original flagship project.

Appendix One
Case Study 9

Regional Stadia Programme and Sub-Regional Stadia Programme for Soccer

The Regional Stadia Programme and Sub-Regional Stadia Programme for Soccer are designed to address the deficit in sports stadia provision in Northern Ireland. An original proposal to provide a multi-use national stadium project on the Maze/Long Kesh site was rejected in January 2009. In June 2009 it was agreed that an outline business case would be commissioned to identify options to best meet the long-term, strategic needs of the three main ball sports in Northern Ireland (Association Football, Gaelic Games and Rugby).

Original plans, endorsed by the Executive in March 2011, envisaged the completion of the Regional Stadia Programme development within the 2011-12 to 2014-15 budgetary period, and delivery of the Sub-Regional Stadia Programme for Soccer by March 2018.

The agreed public sector funding package involved:

- £110 million for the ***Regional Stadia Programme*** together with £19 million sponsor contribution:
  - The Kingspan Stadium (Ravenhill) £16.5 million[37];
  - The National Football Stadium at Windsor Park £31 million, together with £4 million from the Irish Football Association (IFA); and
  - Casement Park £62.5 million together with £15 million from the Ulster Council Gaelic Athletic Association (UCGAA).
- £36.2 million (as funding became available) towards a ***Sub-Regional Stadia Programme for Soccer*** including:
  - £10 million towards a single stadium with a capacity of 6,000 to 8,000;
  - £17 million towards development of significant sub-regional stadia (venues designated under Safety at Grounds legislation) with a maximum of £3 million per venue;
  - up to £3 million towards development of a National Training Centre;

37 Irish Rugby Football Union (IRFU), Ulster Branch, did not contribute financially to this element of the Kingspan Project which was for three stands given that it had self-funded and constructed the first of the four stands.

- £3 million towards improving safety at IFA Championship Club grounds; and
- £3 million for the development of a single Intermediate/Junior Football facility.
- Each of the proposed funding streams requires a 20 per cent contribution from the recipient/sponsor/developer.

By March 2019, £61.8 million has been spent in relation to the Regional Stadia Programme, representing just over half of the total budget available. This reflects the full costs associated with the Kingspan Stadium (Ravenhill) and The National Football Stadium at Windsor Park projects and pre-construction development costs for the Casement Park project. The Sub-Regional Stadia Programme for Soccer has not yet formally commenced.

The **Kingspan Stadium (Ravenhill)** element was completed broadly on time and within budget (actual spend £16.5 million against £16.5 million budget). The stadium officially opened in May 2014, although the final education and heritage elements of construction were not fully completed until September 2015.

The **National Football Stadium (Windsor Park)** development was completed and officially opened in October 2016, for the estimated cost of £35 million, 18 months outside the original programme timeframe. All publicly funded elements were completed by March 2015. While the project experienced a number of early delays as a result of threatened judicial review of the funding decision, procurement issues and departmental concerns over the sponsor body's governance arrangements, delivery of the stadium was principally delayed as a result of unforeseen construction problems. This reflected the need to demolish and rebuild a stand (rather than refurbish it) as a result of damage caused by adjacent development. This additional element was not supported by public funds – costs incurred were covered under the contractor's insurance.

The **Casement Park** project has experienced serious delays. While contractors were appointed in December 2013, construction works have yet to commence, as a result of a Judicial Review decision against Department of the Environment procedures when granting planning permission. A department-commissioned Project Assessment Review (PAR) concluded in August 2015, that delivery of the stadium remains achievable, albeit some years later than intended. The PAR was subsequently verified in November 2016 and July 2019. By March 2019, £10.3 million of the budgeted £77.5 million had been incurred on pre-construction costs, consultants' costs, UCGAA salaries, legal fees, surveys and statutory fees.

Appendix One
Case Study 9

Planning

Planning permission for Casement Park was granted in December 2013 but was quashed, in December 2014, as a result of judicial review. The key issue identified by the judicial review was an unsubstantiated assumption in respect of the baseline position of traffic impact assessments for the proposed 38,000 capacity stadium.

Safety Concerns

In 2014, safety concerns were raised in relation to the Casement Park stadium design and emergency evacuation/exiting. This resulted in an Inquiry by the Northern Ireland Assembly which considered the likely impact of these factors on the capacity of the redeveloped stadium. The Assembly was dissolved prior to completion of the inquiry. However, as a result, the Department's August 2015 project assessment review recommended that the resolution of safety issues be incorporated into considerations on scheme redesign prior to renewed application for planning permission.

Planning Approval/Lack of Ministerial Approval to Proceed

A revised planning application for a circa 34,500 capacity stadium was submitted in February 2017 and remains under consideration. As a result of the delay in moving to construction, costs are now estimated at £110 million (£32 million more than originally estimated). A revised full business case has been prepared by the UCGAA and is currently being reviewed by senior DfC officials. DfC told us that, in the absence of Ministers, it is impossible to estimate a construction start or completion date.

Progress in respect of the ***Sub-Regional Stadia Programme for Soccer*** has stalled. A Strategic Outline Case was approved by DoF in June 2015, with the subsequent programme consultation completed in February 2016.

Appendix One
Case Study 10

Ulster University, Greater Belfast Development

In 2006 a report commissioned by the Higher Education Funding Council for England and the former Northern Ireland Department for Employment and Learning, *"Future Needs for Capital Funding in Higher Education"*, reported in relation to the Ulster University site at Jordanstown that:

"UU has a very large life-expired building which has various maintenance and suitability problems… the cost of adapting this type of 1970s building will be almost as high as the cost of total replacement, and the outcomes would be less satisfactory for modern higher education and probably less economic in the long-run."

The business case for redevelopment of the Jordanstown Campus, which considered several options including refurbishment, demolition and rebuild, identified *"New Build on Alternative Site"* as the preferred option, on the basis that relocating the vast majority of the activities from Jordanstown to a significantly expanded Belfast Campus represented the lowest cost option, generating capital from the sale of surplus land at Jordanstown, providing a more efficient construction methodology, minimal loss of student income and the highest level of recurrent savings.

The business case, approved in March 2010, envisaged that the expanded Belfast Campus would be open to students in September 2018 at a cost of £254 million. Funding was to come mainly from the UU's own reserves and external borrowing, with the Department for the Economy (DfE) contributing £16 million capital grant. The grant was provided over the two financial years 2009-10 and 2010-11.

Although UU secured a £150 million loan facility from the European Investment Bank (EIB) for the project, this facility was withdrawn in February 2017 because project delays impacted on the funding drawdown to the extent that the conditions of the agreement could not be met. Development work to date has been financed through £16 million capital grant, UU's own reserves and Financial Transaction Capital (FTC) loans of £73.5 million provided by government during 2013-14 and 2014-15. These loans are routed through SIB which holds the loan agreement with UU. While no interest is charged on the FTC loans, to facilitate the loan, the Northern Ireland Executive made it a condition that UU contributed £7 million from its accumulated reserves. The first repayment of the FTC loan of £5.25m was made in August 2018. The second repayment of £5.25 million was made in August 2019.

The main elements of the project originally included construction of four Blocks (BA, BB, BC and BD). Additional work around Frederick Street has now been included in the project.

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Case Study 10

Phase 1 Construction and Relocation (Block BA and BB) was successfully completed in 2015.

The principal design and construction contract for Phase 2 (Block BC and BD) was taken forward as a joint venture by two construction companies and began in March 2015. Prior to the UU's Bi-annual March 2016 progress report (received by DfE in May 2016) there were regular assurances from UU that the building was broadly on track in terms of cost and completion/occupancy date (some short time delays had been communicated). However, the March 2016 report revised the date for completion of building work from March 2018 to March 2019 following updated programme advice from the contractors. The UU advised that the main cause of delay at this time was due to alleged defects being discovered in the below ground works and basement works performed under a separate Basement Contract (with separate contractors) for Block BC, which formed part of the programme phasing, sequencing and procurement strategy. The Basement Contract had been largely completed in November 2014.

The alleged latent defects were discovered during the maintenance period of the Basement Contract. UU is progressing resolution of these disputed matters to address issues concerning liability and possible damages.

On foot of engagement with the Department of Finance in January 2017, UU approached DfE and DoF in February 2017, in relation to the provision of additional FTC, due to EIB notifying UU that it was terminating its borrowing agreement. The departments engaged with the UU on the business case requirements to support UU's request for an estimated additional £50 million to close the funding gap created by the withdrawal of the EIB loan.

An initial business case addendum provided by UU was not considered to be of sufficient depth given the scale of the project and further engagement took place between DfE, DoF Supply, and UU around the necessary business case requirements.

With the removal of EIB, one of the major project management components from a financial expertise perspective was lost. DfE was concerned that it did not have specific investment/financial project management expertise that EIB may have brought to the overall Project. DfE therefore also engaged with Invest NI and CPD as to what professional/ technical project management experience could be availed of from those organisations in regard to the consideration of any request for additional funding.

In December 2017, following further advice from the appointed contractor, UU formally notified DfE, that the defects in the ground basement works would delay completion by a further year (to September 2020).

The main contractor for Phase 2 Construction (Block BC and BD) was a joint venture between Lagan Construction Group Ltd and Somague Engenharia. Lagan Construction Group Ltd went into administration in March 2018 and works ceased with all subcontractors.

Following a request from UU for further assistance, DfE reaffirmed its request from March 2017 for an updated business case and associated legal advice. DfE also engaged with SIB in relation to the provision of multidisciplinary advice on the project.

UU entered into discussions with the remaining construction partner Somague Engenharia (Somague) and its Ultimate Parent Company, Sacyr SA, while engaging concurrently with the Administrator acting on behalf of Lagan Construction Group. Under the terms of the original contract and an Interim Works Agreement, Somague recommenced work at the end of June 2018.

From June 2018, UU continued without prejudice discussions with Somague and Sacyr.

In early December 2018 UU and Somague agreed Heads of Terms concerning a new date for completion of the works and a lump sum to complete the works while at the same time closing out all disputes.

Somague are continuing to progress design development and works on site, concurrent with procurement activities for replacement key-subcontractor(s) along with other subcontractors, which will continue to have a substantial bearing on meaningful project progress until appointed. Somague are also continuing to build its own capacity and capability required to deliver the project. Currently 90 per cent of the subcontract value is in place with the remainder being procured. In April 2019, a programme for completion by Somague was approved by UU's appointed project manager.

UU continues to liaise with Somague on these matters.

Spend on the overall project to 31 March 2019 totalled £151.3 million, financed through FTC loans of £73.5 million; government capital grant totalling £16 million; and the remainder, £61.8 million, from UU reserves.

UU has earmarked cash reserves of £70 million built up since 2008, to support the project and committed a further £20 million over the next three years. This is over and above the £61.8 million spent by UU to date.

The total cost of the project is now estimated at £363.9 million including 20 per cent Value Added Tax (VAT) which is irrecoverable. This also includes the cost of additional works around

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Frederick Street and Blocks BA/BB which amount to £23.5 million which were not in the original plan. UU's internal finances are not sufficient to bridge the major funding gap and therefore, in order to complete the project, it needs to attract substantial additional external funding. UU expects that provision of the required external funding will ensure completion of the project by August 2021.

UU has appointed advisors to carry out:

1. a Capital Project Review which will capture the details and the strategies adopted by UU to ensure the project is delivered; and
2. an economic Business Case which will focus on the wider social and economic benefits that the project will deliver to the area adjacent to the campus.

The Business Case was received by DfE in August 2019. DfE is currently evaluating the full range of funding options available for UU to complete the project. The Capital Project Review was shared with DfE in September 2019.

Given the project's scale and the historic difficulties encountered, we intend to keep this project under constant review and report on it at a future date.

Appendix One
Case Study 11

Strule Shared Education Campus (SSEC), Omagh

Lisanelly and St Lucia are two adjacent former Ministry of Defence (MoD) sites in Omagh separated by the River Strule. The sites were vacated by the MoD in 2007 and transferred to the Northern Ireland Executive (TEO and DE) in April 2011 under the Hillsborough Agreement (February 2010). The entire Lisanelly site (118 acres) and part (21 acres) of the St Lucia site was transferred from the MOD to DE, and forms the Strule Shared Education Campus (SSEC) site.

The Strule Shared Education Campus (SSEC) project will provide a shared education campus for five post-primary schools and one special needs school (catering, in total, for more than 4,200 pupils). The SSEC is a major contributor to the *Together: Building a United Community* and shared education policies and is key to enhancing social inclusion and community development in the local area and beyond. The project is designed to promote excellence in educational provision, achievements, experience and outcomes and stimulate further development and regeneration of Omagh Town and District. Provision of the campus was included as a commitment in the 2011-2015 Programme for Government.

Initial development work, which included the production of the Outline Business case (OBC2), exemplar design and associated legal costs, was completed in 2015 at a cost of £3.1 million.

OBC2, approved in 2013, set out the value for money of the project and determined the preferred option. It did not seek approval of the construction costs, which were based on early designs and calculated at £125.2m, including Optimism Bias. DoF gave approval to proceed, with a requirement to produce an addendum to OBC2, to include inter alia, refined construction cost estimates arising from more detailed design work.

A separate business case approved in 2013 led to the procurement of a professional services team to take forward the detailed design work, financial and legal aspects of the project. This work was estimated to cost £10.3 million. Current expenditure against this to the end of March 2019 is £5.1 million.

Also in 2013, another business case was prepared and approved by DoF for completion of construction Phase 1, which involved partial demolition and the construction of Arvalee School & Resource Centre at an estimated cost of £14.2 million. This project was undertaken in advance of the construction of the remainder of facilities at the instruction of the then Minister for Education, in order to urgently replace accommodation for Arvalee, which was extensively damaged by fire in the summer of 2012 and resulted in expenditure against the business case approval of £11.3 million.

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As required, the addendum to OBC2 was developed in 2016, based on designs at RIBA Stage C, which revised the overall construction costs, including Arvalee to £153.2 million. This figure included Optimism Bias but not inflation. A further addendum has been developed.

Total expenditure (including client overheads and other costs) since the start of the project in 2010 to March 2019, has amounted to £37.8 million (£20.1 million Economic Pact/Fresh Start Agreement funding; and £17.7 million departmental funding). The estimated DE future costs to completion are currently estimated at up to £174.5 million. Therefore, the total cost of the project for DE is estimated at up to £212.3 million, including allowances for Optimism Bias, costed risk register and inflation. The overall costs, including costs which are to be met with others[38], is £213.7 million against an estimated cost of £168.9 million (the original estimate did not include inflation).

Phase 1 of the project (demolition, construction of Arvalee Special School and associated site works), has been completed and the school opened in 2016. Site preparatory work on Phase 2 is nearing completion (at October 2019). Phase 2 preparatory work began in 2015 with a contract covering the demolition and removal of former army buildings/structures including 230 houses, 15 accommodation blocks and offices, 15 community buildings as well as approximately 60 miscellaneous structures such as oil storage facilities, generator houses, port-a-cabins, chimneys etc. Following the completion of demolition, a Site Preparation Works (SPW) contract was awarded (in February 2017) to deliver site clearance, soil remediation, infrastructure diversions and major earthworks constructed up to formation levels. The SPW contract is planned for completion by the end of October 2019. Following completion of the SPW contract, the site will be a significant bespoke development site for the Strule Campus that has been remediated of contaminated land and engineered to a high specification. This will enable the main works contractor to commence construction immediately. The original estimate for decontamination was £2.96 million (OBC2). This was later revised to £0.9 million in the 2016 Addendum. Decontamination work is still ongoing and the total cost is now estimated at £2.8 million.

The Strathroy Link Road contract, linking the Strathroy Road across the Strule River to the A5, is a post-operational condition of the campus' planning approval. This contract was awarded in June 2017 and is scheduled to be completed by the end of October 2019.

The procurement competition for the Phase 2 Main Works Construction (MWC), the provision of the remaining five schools and shared facilities, is currently (at October 2019) suspended. The MWC procurement began in late 2016. Only two completed Pre-Qualification Questionnaires (PQQ) were returned by the closing date, fewer than the five expected by the prior market

38 Includes oratories which will be met by respective school trustees and design fees which will be met by DfI Roads.

consultation. The DE Strule team undertook a detailed procurement review in February 2017, and obtained legal advice as part of the compliance process assessment, prior to commencing the Invitation to Tender (ITT) stage. ITTs were released to the market in January 2018, and subsequently one of the two remaining bidders withdrew from the process before the ITT deadline, citing tendering against the backdrop of the absence of devolved government and the ongoing negative impact on the capital spend programme.

The target date for full campus 'go-live' was originally 2020, subsequently revised to September 2023. If the current competition is closed then a fresh procurement strategy would be required, and a revised, estimated 'go-live' would be determined as part of the procurement strategy.

The 'go-live' date and costs have changed and are currently subject to further review (awaiting the second Business Case Addendum), however the current working assumption for campus completion is 2024. The main cause of the delay was the Department's decision to suspend the project because only one bidder remained in the tender process.

Appendix Two:

Investment Strategy for Northern Ireland (ISNI), 2011-21 (published October 2012)

(Paragraph 1.14)

Key Achievements over the period 2008 to 2012

(The information below is extracted from the latest, published ISNI (that is, ISNI 2011-21). The more recent 2017-27 ISNI is still in draft and has not received Executive approval).

Pillar	Investment	Key Achievements
Networks: **Roads, Public Transport, Gateways, Telecoms, Energy**	**£1.3 billion**	• Improvements to the M1/Westlink and sections of the M2 • Dual carriageway upgrading on the A1 Belfast/Dublin route and on the A4 Dungannon to Ballygawley • Grade separation of four further junctions on the A1 • Addition of realigned upgraded sections of the A4 at Annaghilla and A5 Tullyvar • Dual carriageway on the A2 Broadbridge project • The newly built train station at Newry • A new 700 space Park & Ride on the southern outskirts of Belfast at Cairnshill • 600 buses replaced • Improvements in the reliability, cost and speed of international data transfer to North America and across Europe through Project Kelvin • The new section of submarine cable provides a high-speed transatlantic internet connection • Access to superfast broadband services under the Next Generation Broadband project.
Skills: **Schools, higher and further education, youth services, libraries**	**£950 million**	• 47 major capital school projects completed including Banbridge Academy Whitehouse Primary School, Newtownabbey; Magherafelt High School, St Joseph's Primary School, Madden; Taughmonagh Primary School, Belfast; Coranny/Cornagague Primary School, Rosslea; and St Oliver Plunkett Primary School, Forkhill • New Technology & Skills Centre at Killyhevlin, Enniskillen • Campus upgrades at the South East Regional College Downpatrick and Newcastle and a new build campus in Lisburn • Extension at Northern Regional College's Newtownabbey campus • New build and refurbishment at the North West Regional College • The new campuses created for Belfast Metropolitan College • New library and Management School and Post Graduate Executive Education Centre at Queen's University Belfast • New libraries at Antrim and Dungiven and major refurbishments at Bangor, Carrickfergus, Newtownstewart, Newry, Whitehead and Falls, Shankill and Whiterock libraries in Belfast. Refurbishment of Belfast Central Library's stonework project • Purchase of three new Homecall vans and four new mobile libraries.

Pillar	Investment	Key Achievements
Health: Primary care, public safety and technology, hospitals modernisation	**£825 million**	• Seven new health and care centre facilities provided which include eight GP practices, together with diagnostic and treatment facilities • New Regional Child and Family Adolescent Mental Health facility • New medical imaging centre provided • New Trauma and Orthopaedics unit at Craigavon Hospital • New Lisburn Assessment & Resource Centre • The first phase of the Ulster Hospital redevelopment including a new critical care complex, renal unit, maternity hospital, multi-storey car park, stores and site infrastructure • Musgrave Park Neurology Unit • South wing development at Altnagelvin which includes accommodation for maternity and neo-natal services, some cancer services, adult acute services, rehabilitation services, cardiac conditions and those suffering from stroke • New Downe Hospital which includes a day procedure unit, outpatient department, maternity, rehabilitation and diagnostics services as well as accommodating GP and out of hours service. • Range of new children's homes in Bangor, Newtownards, Antrim and Newry; • The Iveagh (Conicar) Treatment & Assessment Unit which provides specialist health and social care for children and young people with learning disabilities • Beechall and Shankill Health & Care Centres which include nursing, social work, dentistry, speech and language therapy, podiatry and physiotherapy • New South West Acute Hospital in Enniskillen.
Social: Regeneration, social housing, culture, arts, sports and inland waterways	**£1.5 billion**	• Victoria Square Scheme; • Major environmental schemes in Belfast (Streets Ahead), Newcastle, Lurgan, Portadown, Armagh, Derry~Londonderry (City Centre Public Realm), Coleraine, Kilkeel and Downpatrick • Regeneration in the Laganside area of Belfast • Restoration at Crumlin Road Gaol • Peace Bridge and Ebrington development in Derry~Londonderry • 5,000 new social homes • Twenty-seven Jobs & Benefits Offices • Ulster Museum reopened its doors after a significant refurbishment • Refurbished and extended Crescent Arts Centre • Redeveloped Tollymore National Outdoor Centre • Investment in sport for example, Moyola Park FC, Cookstown Hockey Club, Lower Ormeau Residents' Action Group • Lyric Theatre in Stranmillis • New Public Records Office landmark building • Metropolitan Arts Centre (MAC) in Belfast's Cathedral Quarter.

Appendix Two (continued): Investment Strategy for Northern Ireland (ISNI), 2011-21 (published October 2012)

(Paragraph 1.14)

Pillar	Investment	Key Achievements
Environment: Water and waste water, waste management, flood risk management, environment	**£1 billion**	• Belfast Sewers Project • Water Mains Rehabilitation Programme. *These measures have not only reduced the pollutant loading on the river Lagan by 85% but will also reduce instances of flooding in the inner city.* • The Omega Waste Water Public Private Partnership (PPP) Project (delivering improved treatment standards for 20% of the total waste water received by Northern Ireland Water) • The Alpha Water PPP Project (delivering new treatment facilities for over 50% of drinking water) • Rivers Agency completed the Flood Management Policy Review and developed and published the 'Strategic Flood Map' • Flood alleviation schemes and work to ensure that existing river and sea defences and the culvert network continued to perform effectively.
Productive: Enterprise and innovation, tourism, rural development and primary industries, public sector reform	**£525 million**	• Financial assistance from Invest NI to companies • The Titanic Signature Building, Belfast Barge Thompson Dock and Pump-house were completed • The Giant's Causeway Visitor Centre opened to the public on 3 July 2012 and the Park and Ride facility from Bushmills to the Giant's Causeway is now in operation • Capital infrastructure and visitor interpretation projects which enrich the Causeway Coastal Route visitor experience • The Derry~Londonderry Walled City Signature Project is progressing; • The Farm Nutrient Management Scheme provided grant aid to assist farmers with the costs of modernising effluent management Infrastructure • The Biomass Processing Challenge Fund has supported the adoption of renewable energy technology through the installation of biomass boilers and anaerobic digesters • Measures to address rural poverty and social inclusion • Increased rural access to Next Generation Broadband • Creation of Enterprise Shared Services established a single delivery organisation to provide common platforms for key Finance, Information Technology and Human Resources shared services across the Northern Ireland Civil Service and various arm's-length bodies (ALBs).
Justice: Police, prison, probation, courts & tribunals, forensic science, youth justice, public prosecution		The devolution of justice on 12 April 2010 brought this sector into the Northern Ireland Executive's Investment Strategy for the first time.

Appendix Three:
Strategic Investment Board provision of staff for programmes and projects

(Figure 2.1)

During 2018-19, the Strategic Investment Board placed staff in project management and advisory roles within departments/public bodies for various programmes and projects, including:

- Strule Shared Education Campus;
- Weavers Cross Transport Hub and regeneration project;
- NIFRS Learning and Development Centre, Desertcreat;
- Education Authority implementation programme;
- Casement Park;
- Urban Villages programme;
- Social Investment Fund capital and revenue projects;
- Department of Finance Reform of Property Management project;
- Department for Communities Capital Programme;
- Heritage Environment Division Capital Works Programme;
- Causeway Coast and Glens Capital Programme;
- Arc21 Waste Management project;
- Southern Regional College Estates projects;
- Northern Regional College Estates projects;
- Primary care: Third party Developer (3PD) projects in Lisburn and Newry;
- Ebrington capital projects;
- North Coast Sports Village;
- Central Riverfront Regeneration Programme in Derry~Londonerry;
- Strategic Leisure and Community Centre Development Programme in Derry~Londonderry;
- Carrickfergus Regeneration Investment Programme;
- Newry City Centre Regeneration Programme;
- Northern Ireland Public Sector Shared Data Centre project;
- Northern Ireland Public Sector Shared Network project;
- South Lake Leisure Centre project in Craigavon;
- United Youth programme; and
- The Tackling Paramilitarism programme.

Appendix Four: *(Paragraphs 1.2 and 3.1)*

Capital Projects (with budget approval over £25 million) excluding programmes, grant schemes and housing association projects which commenced during the period 1 April 2011 to 31 March 2019

Project Name	Project Completed (Yes/No)	Estimated Costs £s	Costs incurred to 31 March 2019 £s	Expected final cost on completion £s	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	For on-going projects (expected end date)
Agri-Food and Biosciences Institute, Stormont	No	30,200,000	496,375	30,200,000	31/12/2020		31/03/2023
Department of Agriculture, Environment and Rural Affairs	**1**	**30,200,000**	**496,375**	**30,200,000**			
Regional Stadia Programme and Sub-Regional Stadia Programme for Soccer:	No	165,192,000	61,814,000	197,692,000	31/03/2018		31/10/2022
Regional Stadia Programme: National Football Stadium at Windsor Park	Yes	*35,000,000*	*35,000,000*	*35,000,000*	*31/03/2015*	*31/10/2016*	
Regional Stadia Programme: Kingspan Stadium	Yes	*16,492,000*	*16,490,000*	*16,492,000*	*31/03/2015*	*30/09/2015*	
Regional Stadia Programme - Casement Park	No	*77,500,000*	*10,324,000*	*110,000,000*	*31/03/2016*		*N/K*[1]
Sub-regional Stadium Programme for Soccer	No	*36,200,000*		*36,200,000*	*No OBC*		*N/K*[2]
Belfast Central Library Redevelopment (not yet commenced)	No	38,463,000		38,463,000	Not specified in OBC		Not yet known
Department for Communities	**2**	**203,655,000**	**61,814,000**	**236,155,000**			
Devenish College Proposed New Build	No	26,557,000	1,773,000	26,933,000	01/09/2018		31/12/2021
St Patrick's Academy	Yes	29,136,000	24,622,000	25,051,000	01/07/2017	01/03/2019	
Ballycastle Shared Education Campus	No	47,600,000	241,000	47,600,000	30/09/2019		10/07/2024
St Ronan's College Lurgan	No	38,300,000	1,832,000	40,616,000	01/02/2020		31/03/2022
Holy Trinity College Cookstown	No	38,400,000	495,000	35,555,000	01/09/2021		04/11/2022
Foyle College & Ebrington Primary School	Yes	45,900,000	44,554,000	44,554,000	01/02/2016	01/12/2017	
Strule Shared Education Campus Omagh	No	168,859,000	37,847,000	213,663,000	01/09/2020		01/09/2024
Department of Education	**7**	**394,752,000**	**111,364,000**	**433,972,000**			
Waterfront Hall Conferencing Solution	Yes	29,564,000	27,216,000	29,873,000	01/12/2015	10/01/2016	
Erne campus in Enniskillen (South West College Estates Project)	No	29,149,000	15,584,000	32,819,000	31/10/2018		31/07/2020
Northern Regional College	No	85,380,000	2,701,000	86,185,000	01/09/2020		31/08/2024
Titanic Signature Project	Yes	76,900,000	76,900,000	76,900,000	31/03/2012	01/04/2012	
Southern Regional College	No	97,600,000	22,832,000	99,120,000	01/05/2021		28/02/2022
Greater Belfast Development - Ulster University[3]	No	254,000,000	151,284,783	363,900,000	30/04/2018		31/08/2021

Project Name	Project Completed (Yes/No)	Estimated Costs £s	Costs incurred to 31 March 2019 £s	Expected final cost on completion £s	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	For on-going projects (expected end date)
Belfast Met College- Titanic Quarter Campus (PPP)	Yes	44,117,000	41,461,000	41,461,000	01/06/2036		31/12/2036
Queen's University Belfast	No	38,150,000	30,269,000	35,988,000	31/03/2019		30/11/2018
Department for the Economy	**8**	**654,860,000**	**368,247,783**	**773,246,000**			
BSO Business Systems Transformation IT System	No	28,000,000	37,452,000	37,678,000	31/03/2013		30/11/2021
BCH Mental Health Inpatient Unit	Yes	33,320,000	38,476,000	41,215,000	01/05/2016	24/06/2019	
Energy Centre at the Royal Victoria Hospital	No	42,500,000	2,518,000	39,394,000	01/01/2021		01/09/2022
NIFRS Red Fleet	No	44,071,000	21,628,000	37,989,000	01/04/2011		31/03/2024
Radiotherapy Unit at Altnagelvin	Yes	66,126,000	64,161,000	64,161,000	01/06/2016	21/11/2016	
Critical Care Building	No	95,000,000	151,300,000	151,700,000	31/12/2012		30/09/2020
Altnagelvin Hospital Tower Block	No	74,990,000	47,269,000	73,816,000	31/08/2016		30/06/2021
Omagh Hospital & Primary Care Complex	Yes	81,783,000	88,684,000	89,047,000	01/06/2015	20/06/2017	
Ulster Hospital Phase B Main build	No	195,279,000	224,746,000	262,565,000	01/05/2015		25/10/2019
Regional Children's Hospital	No	223,000,000	39,445,000	353,900,000	01/07/2020		31/12/2025
Maternity Hospital	No	72,848,000	29,276,000	73,900,000	01/12/2015		01/09/2021
South West Acute Hospital	Yes	231,271,000	135,291,000	135,291,000	01/06/2012	25/05/2012	
Encompass	No	347,000,000	1,482,000	347,000,000	31/03/2025		01/06/2025
NIFRS Learning and Development Centre, Desertcreat	No	44,800,000	4,700,000	46,400,000	31/12/2020		31/03/2023
Primary Care Centre (Lisburn) (Third Party Development (3PD))	No	3PD Delivery - unitary charges apply			31/03/2016		31/08/2021
Primary Care Centre (Newry) (Third Party Development (3PD))	No	3PD Delivery - unitary charges apply			31/03/2016		N/K
Department of Health	**16**	**1,579,988,000**	**886,428,000**	**1,754,056,000**			
Capital Grants for Greenways	No	30,024,000		30,024,000	31/03/2022		Not Started
Translink Integrated Ticketing	No	44,674,000		44,674,000	01/07/2022		01/07/2022
DVA Test Centres	No	87,413,000		120,000,000	31/03/2025		31/03/2025
Belfast Rapid Transit	Yes	87,900,000	93,600,000	94,400,000	31/03/2018	03/09/2018	

Appendix Four: *(Paragraphs 1.2 and 3.1)*

Capital Projects (with budget approval over £25 million) excluding programmes, grant schemes and housing association projects which commenced during the period 1 April 2011 to 31 March 2019

Project Name	Project Completed (Yes/No)	Estimated Costs £s	Costs incurred to 31 March 2019 £s	Expected final cost on completion £s	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	For on-going projects (expected end date)
Belfast Transport Hub	No	208,900,000	20,300,000	227,200,000	30/09/2023		31/07/2025
A6 Randalstown to Castledawson/ Dungiven to Londonderry	No	594,000,000	174,400,000	582,700,000	31/12/2021		N/K
A5 Londonderry, Strabane, Omagh and Aughnacloy	No	799,000,000	80,300,000	1,100,000,000	31/12/2018		31/12/2028
Translink New Trains	No	100,000,000		64,000,000	31/03/2022		31/03/2022
A26 Glarryford to Drones Road Dual Carriageway	Yes	70,000,000	50,609,000	52,164,000	01/01/2017	06/06/2017	
A31 Magherafelt Bypass	Yes	45,200,000	29,527,000	33,501,000	01/09/2016	06/10/2016	
Coleraine to Derry Track Relay	Yes	40,135,000		45,849,958	31/10/2017	31/10/2017	
North West Multimodal Transport Hub	No	27,321,000		27,321,000	31/03/2021		31/03/2021
Belfast Central Depot, Central Workshop and Stores	No	27,109,000		27,109,000	31/03/2019		31/03/2020
A8 Belfast to Larne Dual Carriageway	Yes	133,000,000	141,542,000	142,279,000	01/03/2015	01/05/2015	
Knockmore to Lurgan Track Ballast Rehabilitation Project	No	25,035,000		25,035,000	30/09/2019		31/03/2020
A2 Shore Road	Yes	59,023,000	38,608,000	38,608,000	01/08/2013	30/09/2015	
NI Water Project Clear	Yes	31,000,000	25,600,000	31,000,000	31/03/2018	03/03/2018	
Department for Infrastructure	**17**	**2,409,734,000**	**654,486,000**	**2,685,864,958**			
Redevelopment of Magilligan Prison[4]	No	150,488,000		150,488,000	31/12/2023		N/K
Additional Cell Accommodation at Maghaberry	Yes	57,971,000	47,140,000	49,655,000	01/07/2017	17/10/2019	
New Women's Facility[4]	No	49,859,000		49,859,000	28/02/2021		N/K
Department of Justice	**3**	**258,318,000**	**47,140,000**	**250,002,000**			
OVERALL TOTALS	**54**	**5,531,507,000**	**2,129,976,158**	**6,163,495,958**			

Source: All information contained in Appendix 4 was provided and verified by departments.

Note 1: In the absence of Ministers it is impossible to estimate a construction start or completion date.
Note 2: In the absence of an OBC or Ministers it is impossible to estimate a start or completion date.
Note 3: DfE explained that the final cost figure includes £25.3 million relating to additional planned works around Frederick Street and Block BA BB. Excluding these costs reduces the overspend to £84.6 million (33 per cent). These figures include £60.6 million Value Added Tax (VAT) which is irrecoverable.
Note 4: Funding has not been available for this project to be taken forward. The Outline Business Case is currently being updated.

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NIAO Reports 2018 and 2019

Title	Date Published
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Published and printed by CDS

CDS 226718

ISBN 978-1-912653-30-0