



Northern Ireland
Audit Office

Major Capital Projects: Follow-up Report

**Report by the Comptroller
and Auditor General**

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Dorinnia Carville *Northern Ireland Audit Office*
Comptroller and Auditor General 27 February 2024

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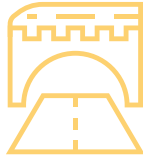
List of Abbreviations

AO	Accounting Officer
BRT	Belfast Rapid Transit
CDG	Department of Finance Commercial Delivery Group
CEF	Construction Employers Federation
CoPE	Centre of Procurement Expertise
CPD	Construction and Procurement Delivery
CTCC	Community Treatment and Care Centre
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
FBC	Full Business Case
FEC	Further Education College
FTC	Financial Transaction Capital
GAA	Gaelic Athletic Association
GBD	Ulster University Greater Belfast Development
HOCS	Head of the Northern Ireland Civil Service
ISNI	Investment Strategy for Northern Ireland
ITT	Invitation To Tender
KPI	Key Performance Indicator
NICS	Northern Ireland Civil Service
NIFRS	Northern Ireland Fire and Rescue Service
NIPPP	Northern Ireland Public Procurement Policy

List of Abbreviations

OBC	Outline Business Case
P3O	Portfolio, Programme and Project Office
PAC	Northern Ireland Assembly Public Accounts Committee
PAN	Procurement Advisory Note
PCCC	Primary Community Care Centre
PfG	Programme for Government
SIB	Strategic Investment Board Limited
SRC	Southern Regional College
SRO	Senior Responsible Officer
SSEC	Strule Shared Education Campus
TEO	The Executive Office

Key Facts



£10.6 billion of public sector capital expenditure 2019-2024



Three departments account for almost seven out of every £10 of public sector capital expenditure (2019-2024) - Infrastructure £3.7 billion; Health £1.8 billion; and Communities £1.6 billion



Delays and cost overruns have continued in the Executive’s seven flagship projects and the four high profile projects featured in our 2019 report. The combined estimated cost overrun is now £1.94 billion

1

Only one of the Executive’s flagship projects announced in 2015 has been fully completed

In the period April 2019 to August 2023:



Departments major capital projects portfolio consisted of 77 projects



It was originally estimated to cost £5.63 billion to complete and is now expected to cost £8.08 billion, a 44 per cent increase on the original business case cost estimates



Only 9 of the 77 projects are expected to meet both their original time and cost estimates



41 of the 45 projects with estimated/actual cost overruns either did not or are not expected to meet their target completion dates

Executive Summary

Executive Summary

1. In December 2019, we published our report on Major Capital Projects which presented an overview of the Northern Ireland major capital projects portfolio. For the purposes of the report we defined major as over £25 million. We examined the progress made on the delivery of 11 major capital projects, including the seven flagship projects identified in 2015 by the Northern Ireland Executive (the Executive) as its highest priority projects. We found that each of the projects examined experienced time delays and/or cost overruns when compared against original timescales and budgets. The explanations provided by departments included funding constraints, legal challenges, planning issues, limited interest from the construction industry and issues with the quality of construction.
2. The subsequent Northern Ireland Assembly's Public Accounts Committee (PAC) report (October 2020) made 15 recommendations (see **Appendix 1**) aimed at: improving accountability for delivery of major capital projects; improving commissioning and delivery arrangements; and improving planning of major capital projects, with the Chair of the PAC commenting that *"these important capital projects should and could have been delivered without many of the delays and excess costs."*
3. The construction industry is the second largest industry in Northern Ireland with over 10,500 businesses (14 per cent of all businesses in 2023) and an estimated 35,000 employees. Given the issues previously identified and the importance of major capital projects to the economy of Northern Ireland, we noted our intention to revisit this area.
4. This report presents the findings of our follow up review. It provides an overview of progress on the 11 major capital projects included within our 2019 report, an update on actions taken to implement previous recommendations and considers other developments in this important area of significant public expenditure. The report also includes an updated stocktake of the major capital projects portfolio across Northern Ireland government departments and a case study of a recently completed project, the Armagh campus at Southern Regional College, that demonstrates delivery to the planned cost and timetable.

Key findings

Only one of the Executive's flagship projects announced in 2015 has been fully completed

5. In 2015, the Executive identified seven flagship infrastructure projects as its highest priority projects. We conducted a high-level review of the seven flagship projects and found that each of the seven projects has experienced, and in some cases, continues to experience, cost overruns and/or significant delays. At the time of our 2019 report, only one of the Executive's seven flagship projects, the Belfast Rapid Transit project, had been fully completed. Whilst we recognise that progress has been made on some of the projects, and some phases of the projects have completed, it remains the case that the Belfast Rapid Transit project is the only flagship project to have fully completed. The status of each of the flagship projects is summarised below:

- **A5** – This project aims to upgrade the A5 Western Transport Corridor and improve links between Londonderry, Strabane, Omagh and Aghnacloy, and with the Republic of Ireland. The project continues to be delayed. Following a third public inquiry, the Department for Infrastructure received the final advisory report from the Planning Appeals Commission and is now considering the points raised and detailed recommendations made. This project was originally planned to be completed in 2018 at a cost of £799 million. Subject to the outcome of the Planning Appeals Commission inquiry, the Department for Infrastructure’s latest estimate is for completion in 2028 at a cost of £1.7 billion.
- **A6** – This project involved upgrading the A6 element of the Northwestern Transport Corridor connecting Belfast to Londonderry. It was originally expected to cost £594 million and is now expected to cost £655 million. It is substantially complete. The project was to be delivered in two sections, with the second section split in to two phases. The first section (Randalstown to Castledawson) opened in May 2021 and is expected to have a final cost of £192 million (compared to an original planned completion date of October 2020 and original estimated cost of £184 million). Phase one of section two (Dungiven to Drumahoe) was opened in April 2023 at an estimated final cost of £264 million (compared to a planned completion date of 2021 and cost of £239 million). The Department for Infrastructure told us COVID-19 had an unprecedented negative impact on delivery of the A6 scheme, and this was exacerbated on the A6 Dungiven to Drumahoe section by the impacts of Brexit, the war in Ukraine and other inflationary pressures. Phase two of section two (Caw to Drumahoe) was originally estimated to be completed by 2024 however the Department for Infrastructure told us it is on hold as works will encroach on to the illegal Mobouy waste site.
- **Belfast Rapid Transit** – The Belfast Rapid Transit project had completed at the time of our 2019 report. Originally planned to be operational in 2017-18, this was revised to 2018-19 due to funding uncertainties. The East-West Glider route opened in September 2018. The final cost for the project was £94.4 million, some £6 million more than the approved business case. A separate project, Belfast Rapid Transit Phase 2, commenced in August 2018 to extend the Glider network. The North-South route was announced by the then Minister for Infrastructure in October 2022. The latest estimated cost of the project is expected to be £142-£148 million, of which £35 million of funding has been secured via the Belfast Region City Deal. Twenty million pounds of funding for Phase 2 from the UK government’s New Deal for Northern Ireland has been paused. Dependent on the availability of funding, the North-South service could be operational by late 2029.
- **Belfast Transport Hub** – The Hub will include an integrated bus and rail concourse, eight new rail platforms, 26 new bus stands, retail and commercial premises, park and ride facilities, a cycle hub and links to other transport modes. Since our previous report progress has been made on the site, however the latest cost estimate of £340 million is £131 million higher than the original estimate and the completion date has moved to the end of 2025, over two years later than originally planned. Grand Central Station is due to be operational in the final quarter of 2024.

- **Maternity and Children's Hospital** – This comprises the build of a new regional children's hospital and a new maternity hospital both on the Royal Hospitals site in Belfast. The two builds are separate however together they form the flagship Maternity and Children's Hospital. The new maternity hospital was originally expected to be completed by the end of 2015. Whilst the new maternity hospital has been substantively built it is not operational. The latest estimated date for completion of the final phase of the Maternity Hospital is June 2025, almost 10 years late. The original cost estimate was £57 million, with costs now expected to be £97 million. The regional Children's Hospital was originally planned to be completed and opened in July 2020 at a cost of £223 million. However, enabling works were only completed in January 2023 and it is now expected to be completed by February 2029. Estimated costs have more than doubled to £590 million.
- **The Northern Ireland Fire and Rescue Service Learning and Development Centre at Cookstown** - The original flagship project was for a combined training and development centre for the Northern Ireland Fire and Rescue Service, the Police Service for Northern Ireland and the Northern Ireland Prison Service at an estimated cost of £140 million. This was subsequently changed to only accommodate the Northern Ireland Fire and Rescue Service. The total cost of the revised project, for the Northern Ireland Fire and Rescue Service facilities, was estimated at £44.8 million and consisted of two phases. Phase One was initially estimated to complete in 2018 at a cost of £4.2 million. It was completed in July 2019 at a cost of £5.3 million. Phase Two was initially estimated to complete in April 2023 at a cost of £42.2 million. Phase Two works commenced in May 2022 with a revised completion date of April 2024 and a final cost estimate of £44.6 million, bringing the total costs on the project to £49.9 million, against an original estimate of £44.8 million.
- **Regional Stadia Programme and Sub-Regional Stadia Programme for Football** - The Executive endorsed plans for three regional stadia (football, Gaelic games and rugby) in March 2011. The Regional Stadia Programme was a key commitment in the Northern Ireland Executive 2011-15 Programme for Government (PfG), in the draft PfG for 2016-2021 and remains a priority project under the New Decade New Approach agreement. The completion of the Regional Stadia Programme development was originally envisaged to be within the 2011-12 to 2014-15 budgetary period, and delivery of the Sub-Regional Stadia Programme for Football by March 2018. As previously reported, the Kingspan Stadium was completed in 2015, within six months of the initial estimated completion date, and Windsor Park was completed in 2016 (one and a half years later than originally planned). Both were completed broadly in line with their original costs. The third regional stadium, Casement Park, has been the subject of two judicial reviews against its planning permission. The applicant was not successful in the more recent judicial review and planning permission was upheld. Originally estimated to cost £77.5 million, the most recent cost estimates were in the range of £112 million - £140 million with completion expected by the end of 2027, more than 10 years later than originally planned. Casement Park was verified as one of the host stadia when the UK and Ireland were announced as hosts of the UEFA Euro 2028 competition in October 2023. Progress on the Sub-Regional Stadia for Football programme has been limited, with no final approvals having been given prior to the collapse of the Executive in 2022. A revised Strategic Outline Case for the scheme is in the process of being developed. No capital expenditure has been incurred on this project and the Department for Communities told us that the timeline to complete the project remains unknown.

Delays and cost overruns have continued in the other projects included in our 2019 report

6. In addition to the seven flagship projects, our 2019 report also included case studies on four other major capital projects which we knew had experienced problems. These were the Critical Care Centre at the Royal Victoria Hospital, Belfast; the Lisburn and Newry Primary Community Care Centres; the Ulster University, Greater Belfast Development; and the Strule Shared Education Campus in Omagh.
- **Critical Care Centre** – As previously reported, this was originally planned as a six-storey building costing £33 million with a completion date in mid-2005. Through design and specification changes the Centre became a 10-storey building with a planned delivery date of 2012 at a cost of £95 million. In October 2012, one month before the scheduled handover date, corrosion was found in the sealed water systems which resulted in handover being delayed until April 2015. During post contract works, issues were identified with the drainage and theatre ventilation system. In January 2020 additional expenditure was approved including, a hybrid operating theatre and additional works to ventilation systems, increasing the overall approved spend to £156.5 million. The Department of Health told us that the project completed in September 2020. All levels in the building have been operational since 2020, however floors 7-9 cannot be used for their original intended purpose as maternity wards until a link corridor, due by June 2025, is built to connect to the new regional Maternity Hospital. Total expenditure to August 2023 reached £155.8 million, and an additional £0.3 million is profiled to be spent in 2024-25 to equip the Maternity floors 7-9 prior to occupation.
 - **The Lisburn and Newry Primary Community Care Centres** - Due to capital funding constraints and the desire to fast track their construction, the two Primary Community Care Centres (PCCCs) were to be built and funded by the private sector and paid for annually over a 25-year term by the health trusts through their revenue budget. They were originally planned to be operational by March 2016 at a total combined cost of almost £80 million. The Lisburn PCCC became operational in February 2023, with service charges to date close to estimates. The construction of Newry PCCC has not yet commenced, and the private sector development approach has been abandoned after the contractor pulled out in November 2021. The latest capital cost estimate for the Newry PCCC is £88.3 million with construction due to begin in April 2025 and complete in March 2027.
 - **Ulster University, Greater Belfast Development** - The University's project to expand its Belfast campus at a cost of £254 million by April 2018 (with a view to opening for students in September 2018) experienced a number of setbacks in the construction of the last two of four new blocks including: the discovery of latent defects in the build completed under the basement contract of one of the blocks; the collapse of one of two companies in the joint venture to complete the last phase of the build; and the need to reorganise and secure additional and alternative sources of funding for the project following the European Investment Bank withdrawal of a £150 million loan facility in February 2017 because of project delays. The University opened the final phase of the development in September 2022. Final costs are estimated to be £364 million.

- **Strule Shared Education Campus in Omagh** – The project for a shared education campus originally had an estimated cost of £153.2 million and an opening date for the schools as September 2020. To date only one school has been completed, the Arvalee Special School which was opened in 2016. While preparatory work for the main build, the five post-primary schools, was completed in 2019 and there have been two separate procurement competitions for the main build, the work has not commenced. Costs are now estimated at £366 million, more than double the original estimate, with full campus opening planned for September 2027, seven years late.

7. In 2019 the cost overruns for the seven flagship projects and the four high profile projects detailed above were estimated to be £700 million. Based on current estimates provided by departments, the total estimated cost overruns are now close to £1.94 billion.

Inefficient governance and delivery structures remain in place in Northern Ireland

8. In 2019 we reported that the existing governance and delivery structures within the Northern Ireland public sector are not conducive to maximising the achievement of value for money. A series of reviews of the roles of the Procurement Board, Construction and Procurement Delivery (CPD), the Strategic Investment Board (SIB) and commissioning entities have highlighted that current commissioning and delivery arrangements in Northern Ireland are not fit for purpose. We recommended considering the potential benefits of alternative commissioning and delivery models, however to date there has been no notable transformation of commissioning and delivery arrangements in Northern Ireland.

Several of the recommendations previously made by the PAC have not progressed

9. In its report on Major Capital Projects, the PAC found it unacceptable that in Northern Ireland, the Head of the Civil Service (HOCS) sits outside the formal chain of public accountability. In line with arrangements in Scotland and Wales, the PAC strongly believed that the HOCS should have personal responsibility for the propriety and regularity of all government finance and the economic, efficient and effective use of related resources. Another key recommendation intended to improve accountability required the HOCS to show leadership by taking a much more proactive role in monitoring delivery of public sector projects and challenging departments where performance is not in line with approved plans.
10. In Northern Ireland, departments are separate legal entities under the direction of their own Ministers and responsibility for the delivery of capital projects rests with individual Senior Responsible Officers (SROs), the Accounting Officer and Minister. Therefore, in its response to the PAC recommendations, the Executive questioned what authority the HOCS could exert over other departments. Scotland and Wales operate under a different constitutional position in that they have collective Ministers and no separate departmental corporations. The Executive advised that revising the role of the Northern Ireland HOCS to mirror the role in Scotland and Wales, would not sit easily within the current constitutional position in Northern Ireland. As a result, under the current arrangements in Northern Ireland, the HOCS continues to be limited in her ability to challenge departments on their performance in delivering major capital projects.

11. The PAC also recommended that serious consideration be given to appointing a single oversight body or creating an independent advisory body with responsibility for central monitoring of major capital projects. The Executive responded that such a body could undermine individual departments' accountability and responsibility and also undermine the role of the Centres of Procurement Expertise, and it was not persuaded on the appointment of a single oversight body with responsibility for central monitoring of major capital projects. As such, unlike other jurisdictions, in Northern Ireland there is still no single oversight body responsible for monitoring delivery of major capital projects.

Some changes have been made since we last reported in 2019

12. The recommendations noted above have not been implemented in the manner intended by the PAC. However, a number of changes have been actioned since our 2019 report which have the potential to bring some improvements to the monitoring, oversight and delivery of major capital projects. Since June 2022, regular progress reporting on major capital projects has been brought to the Northern Ireland Civil Service (NICS) Board every six months. In addition, three new independent non-executive members were appointed to the NICS Board in February 2023. Whilst this is not an additional oversight layer adding scrutiny, challenge or accountability, it is intended to increase transparency and to identify common themes which are causing delays to the delivery of projects.
13. There is now more regular scrutiny from individual Accounting Officers, and revised policy and guidance on best practice in project delivery has included the establishment of Departmental Portfolio, Programme and Project offices (P3Os). P3Os are intended to ensure visibility, and provide support for governance, oversight and reporting on programme/project delivery and assurance. A P3O Forum has been established to assist departments to share best practice, develop learning, support the project delivery function and to strengthen reporting. Since February 2021, the P3O Forum has met twice a year and all departments attend.
14. Other developments include clarifying policy and guidance, an increased focus on ensuring that better information is captured and the implementation of new procurement policies, including a Scoring Social Value Policy in June 2022.

The right people with the right skills must be in place from the initiation stages of a project

15. The SRO appointment letter was revised in 2021, and again in 2023, providing clarity on the role and responsibility of the SRO and, in addition, work is ongoing to develop the capacity and capability within the NICS through the development of the NICS Project Delivery Profession. Whilst these efforts to clarify roles and responsibilities and develop capacity and capability are welcome, some stakeholders continue to express concerns that staff are lacking depth of experience and that skills gaps are wider than project management, commenting that a lack of expertise at early stages impacts on project specifications, costings and timetables. It is essential that the right people, with the right skills, and ideally experience, are in place from the outset of a project.

Cost and time overruns continue to persist throughout the major capital projects portfolio

16. In the period from 1 April 2019 to 31 August 2023, departments managed 77 major capital projects (excluding local government and housing association projects). The majority of projects, including those approved since our 2019 report, have experienced increases in the original estimated costs, and/or changes in the estimated completion dates. The total estimated cost on completion of the 77 current major capital projects is £8.08 billion, against an original estimated total cost of £5.63 billion. That is an increase of £2.45 billion on the original approved costs and represents additional funding that could have been invested elsewhere to improve public services.

More still needs to be done to identify, and crucially mitigate, the root causes of delays

17. SIB is undertaking work to identify the root causes of delay and cost overruns in the projects included within our 2019 report. This work is nearing completion and in our view its findings and the action taken by departments to learn from and address those findings and any associated recommendations has the potential to improve the efficiency and effectiveness of the system for the planning and delivery of major capital projects.

Overall conclusion

18. We recognise that major capital projects are complex. Project delivery problems are not unique to Northern Ireland and the absence of multi-year budgets, impacts on departments' ability to plan, finance and invest in the delivery of major capital projects. However, it is extremely disappointing that issues have persisted in the 11 high-profile major capital projects which we previously reported on in 2019. Of these 11 projects, seven were flagship projects announced by the Executive in 2015, which had protected budgets for a five-year period. Only one of the seven flagship projects has been fully completed. It is not just these high-profile projects which have experienced issues - delays and cost overruns continue to occur frequently throughout the major capital projects portfolio. Given the scale of delays and cost overruns, we are left with the clear impression that departments are not achieving value for money in the delivery of these major capital projects. As major capital projects run over the course of several years, it will take time to fully assess the impact of the actions that have been taken so far to improve delivery in Northern Ireland. However, given the lack of substantive progress since our last report, we are of the view that immediate action is needed to prevent further cost overruns and delays.

19. Over the past ten years a series of reviews by bodies including SIB, the Confederation of British Industry and the Organisation for Economic Co-operation and Development have highlighted significant weaknesses in the commissioning and delivery system for major capital projects in Northern Ireland, and the need for substantial reform including:
- eliminating unnecessary duplication in administrative functions and institutional frameworks;
 - improving project prioritisation;
 - reducing bureaucracy by focusing more on “within budget” and “on time” delivery, rather than on process; and
 - driving better deals by increasing innovation.

However, there is little evidence of change. Key stakeholders have expressed frustration and disappointment with the perceived reluctance to embrace change. Failure to make fundamental reforms to the commissioning and delivery system for major capital projects is enabling the substantial cost and time overruns identified in this report to continue and is impacting on the quality of public services provided to citizens throughout Northern Ireland.



Recommendation

Fundamental reforms to the commissioning and delivery system for major capital projects must be implemented to ensure value for money is achieved and public services are improved. To drive change and ensure delivery we urgently recommend the establishment of a comprehensive transformation project including the development of a clear framework to ensure accountability and delivery of major capital projects in Northern Ireland. This should include:

- **Revisiting the recommendations from the previous reviews by SIB, the Confederation of British Industry and the Organisation for Economic Co-operation and Development. Where those recommendations have the potential to bring about improvements in the commissioning and delivery of major capital projects, they must be implemented without further delay;**
- **Understanding in detail the issues besetting the delivery of these major capital projects as informed by the root cause work of SIB. The action taken to address and mitigate these issues will be an important step in improving project delivery;**
- **Full consideration of alternative delivery models, resourced with appropriately skilled staff; and**
- **The roles and responsibilities of all bodies involved in the commissioning and delivery of major capital projects must be reviewed, clarified and streamlined.**

Part One:

Introduction and Background

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

- 1.1** In December 2019, we published our report on Major Capital Projects which presented an overview of the Northern Ireland major capital projects portfolio. We examined the progress made on the delivery of 11 major capital projects, including the seven flagship projects identified in 2015 by the Northern Ireland Executive (the Executive) as its highest priority projects. We found that each of the projects examined suffered time delays and/or cost overruns when compared against original timescales and budgets. The explanations provided by departments included funding constraints, legal challenges, planning issues, limited interest from the construction industry and issues with the quality of construction.
- 1.2** The subsequent Northern Ireland Assembly's Public Accounts Committee (PAC) report (October 2020) made 15 recommendations (see **Appendix 1**) aimed at improving accountability for the delivery of major capital projects; improving commissioning and delivery arrangements; and improving planning of major capital projects.

Scope and Structure of this report

- 1.3** Given the importance of major capital projects to the Northern Ireland economy we gave an undertaking to revisit the topic. This report presents the findings of our follow up review. It provides an overview of progress on the 11 major capital projects included within our 2019 report; an update on actions taken to implement previous recommendations; and considers other developments in this important area of significant public expenditure, including an overview of the construction industry and the strategic context in which capital projects are being delivered. The report also includes a case study of a recently completed project, the Armagh campus at Southern Regional College, that demonstrates delivery to the planned cost and timetable. For the purposes of this report, we have defined major as over £25 million, with a focus on major construction projects, and excluded projects relating to local government and housing associations (this is consistent with our approach in 2019). Our Methodology is set out in **Appendix 2**.
- 1.4** The structure of this report is as follows:
- **Part One** sets out the relevant roles and responsibilities for the commissioning and delivery of major capital projects in Northern Ireland and provides an overview of capital spend by Northern Ireland departments from 2019-2024. It also includes an overview of the current environment within which departments and the construction sector are operating.
 - **Part Two** provides updates on the 11 case studies included within our 2019 report.
 - **Part Three** includes details of the departmental major capital portfolio as at 31 August 2023. It also, includes a case study of a recently completed major capital project that demonstrates delivery to planned cost and timetable.
 - **Part Four** considers the progress on implementing previous recommendations to improve the delivery of major capital projects.

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

- 1.5 Individual departments are accountable for their major capital projects but will work with a range of other bodies that have responsibilities for the policy, strategy and guidance on procurement and project delivery in Northern Ireland. These include the Procurement Board, the Strategic Investment Board (SIB) and the Department of Finance (DoF). The roles and responsibilities of these bodies are set out below.

Figure 1: Central Roles and Responsibilities in delivering major capital projects

The Procurement Board

- Under the Northern Ireland Public Procurement Policy (NIPPP), the Procurement Board is assigned responsibilities in relation to the development and dissemination of policy; monitoring policy compliance; setting performance targets; and monitoring the performance of public bodies against these.
- The Procurement Board was reconstituted in December 2020 to comprise public sector procurement experts (Heads of Centres of Procurement Expertise (CoPE)) and representatives of external suppliers and the voluntary sector.
- It is chaired by the Minister of Finance and last met on 28 September 2022. (Ministers ceased to hold office on 28 October 2022).

The Strategic Investment Board (SIB)

- Develops the Investment Strategy for Northern Ireland (ISNI) for the Executive. Provides advice to the Executive, departments, councils and other organisations in respect of the articulation and delivery of their major investment programmes and projects. This includes the provision of directors or managers for projects and programmes in departments/public bodies, providing specialist knowledge and skills.
- SIB has recently developed a compilers' framework and a reviewers' framework for business cases. The compilers' framework, anchored in the business case five-case model, guides the creation of both Outline Business Cases (OBC) and Full Business Cases (FBC) through a comprehensive checklist offering considerations, links to guidance, and reference material. The reviewers' framework was developed to ensure OBC and FBC City and Growth Deals are appraised in line with guidance and best practice, using existing guidance and drawing on areas identified during consultations with key stakeholders.
- SIB is currently working on a Delivery Assurance Guide aimed at delivering pertinent information to the project senior decision-makers ahead of an issue (typically) occurring. By aggregating learnings from past projects, the guide aims to ensure decision-makers can make informed decisions, mitigate risks and capitalise on lessons learned.
- 'Championing reform', by providing support to reform projects through work to help improve systems and processes.

- Manages the Investment Strategy for Northern Ireland (ISNI) Delivery Tracking System which provides the public and industry with details of individual contracts emerging through the government's infrastructure plans (all bodies covered by the NIPPP are required to provide up-to-date infrastructure developments, including procurement information, for release on the ISNI Information Portal).

The Department of Finance (DoF)

- DoF, as well as maintaining responsibility for managing its own capital projects, has a central role in providing guidance on and facilitation of the Gateway Review process which provides Senior Responsible Owners and Accounting Officers with assurance on the progress of their major projects.
- DoF's core guidance on appraisal, evaluation, approval and management of policies, programmes and projects is set out in the Northern Ireland Guide to Expenditure Appraisal and Evaluation (superseded in November 2020 by Better Business Cases Northern Ireland).

DoF Supply Division

- DoF (through its Supply Division) is required to approve the expenditure set out in project business cases where departments intend to incur expenditure on:
 - IT projects over £5 million; and
 - other capital projects involving over £5 million central government expenditure unless other departmental specific delegations allow.

Construction and Procurement Delivery (CPD)

- Provides policy advice to Northern Ireland departments and arm's length bodies.
- Engages with suppliers and industry bodies through pre-market engagement.
- Provides best practice guidance. For example, the Construction Procurement Toolkit applies the themes contained within the Cabinet Office's *Construction Playbook* guidance to procurements in Northern Ireland, with the aim of improving commercial focus.

Centres of Procurement Expertise (CoPE)

- Public bodies rely on the specialist skills and specific market knowledge of staff within Centres of Procurement Expertise (CoPEs) to ensure that procurement processes are designed to achieve the best possible outcomes and comply with all relevant legislation and public policy objectives.
- There are nine CoPEs distributed across the public sector in Northern Ireland:
 - two CoPEs within CPD, which provide support for bodies across the public sector;
 - two CoPEs within the Department of Health (DoH);
 - three CoPEs within the Department for Infrastructure (DfI), providing specialist procurement support in relation to key functions of DfI; and











- two specialist CoPEs providing procurement support within specific parts of the public sector: the Education Authority and the Housing Executive.
- Of the nine CoPEs, seven can be categorised as Construction CoPEs:
 - CPD Construction Division;
 - DoH Health Estates;
 - DfI – Northern Ireland Water;
 - DfI – Translink;
 - DfI – Transport and Asset Management (TRAM: formerly Roads and Rivers);
 - Northern Ireland Housing Executive; and
 - DE – Education Authority.

1.6 Our 2019 report recorded that our focus group comprising representatives from each of the government departments, SIB and CPD, acknowledged that there was extensive guidance available in relation to managing major capital projects, and that the experience and skills available within SIB, CPD and individual CoPEs can be easily accessed. However, issues persist in delivering major capital projects and reviews of these roles have highlighted that the arrangements are not fit for purpose. See **Part Four** for further details.

During the period 2019 to 2024, approximately £10.6 billion capital funding will be available to Northern Ireland government departments

1.7 In the four years since our 2019 report, Northern Ireland government departments have incurred capital expenditure of £8.2 billion (see **Figure 2**). A further £2.4 billion of capital funding has been allocated for the current financial year (2023-24). As shown in **Figure 2**, there is wide variation in the level of capital spend between government departments, with three departments, the Department for Infrastructure (DfI), the Department of Health (DoH) and the Department for Communities (DfC), accounting for almost seven out of every £10 of capital expenditure (67 per cent; 2019-24).

Figure 2: Gross capital expenditure by NI government departments 2019-2024

Department	2019-23 Outturn ¹ £ million	2023-24 Allocations ² £ million	2019-24 £ million	
Infrastructure	2,933.7	810.5	3,744.2	
Health	1,335.6	484.2	1,819.8	
Communities	1,256.6	327.6	1,584.1	
Education	767.7	220.6	988.3	
Economy	742.6	266.8	1,009.4	
Agriculture, Environment & Rural Affairs	448.3	139.6	587.9	
Justice	302.9	128.7	431.6	
The Executive Office ³	270.9	12.0	282.9	
Finance	119.1	37.9	157.0	
Departmental Total	8,177.3	2,427.9	10,605.2	
Non-Ministerial Public Bodies	14.3	4.0	18.3	
TOTAL	8,191.6	2,431.9	10,623.5	

Source: Department of Finance

Notes:

¹The outturn figures include expenditure from capital budget allocations and spend generated from capital receipts. Provisional outturn figure for 2022-23 (as at December 2023), DoF are awaiting HM Treasury approval for final outturn figures.

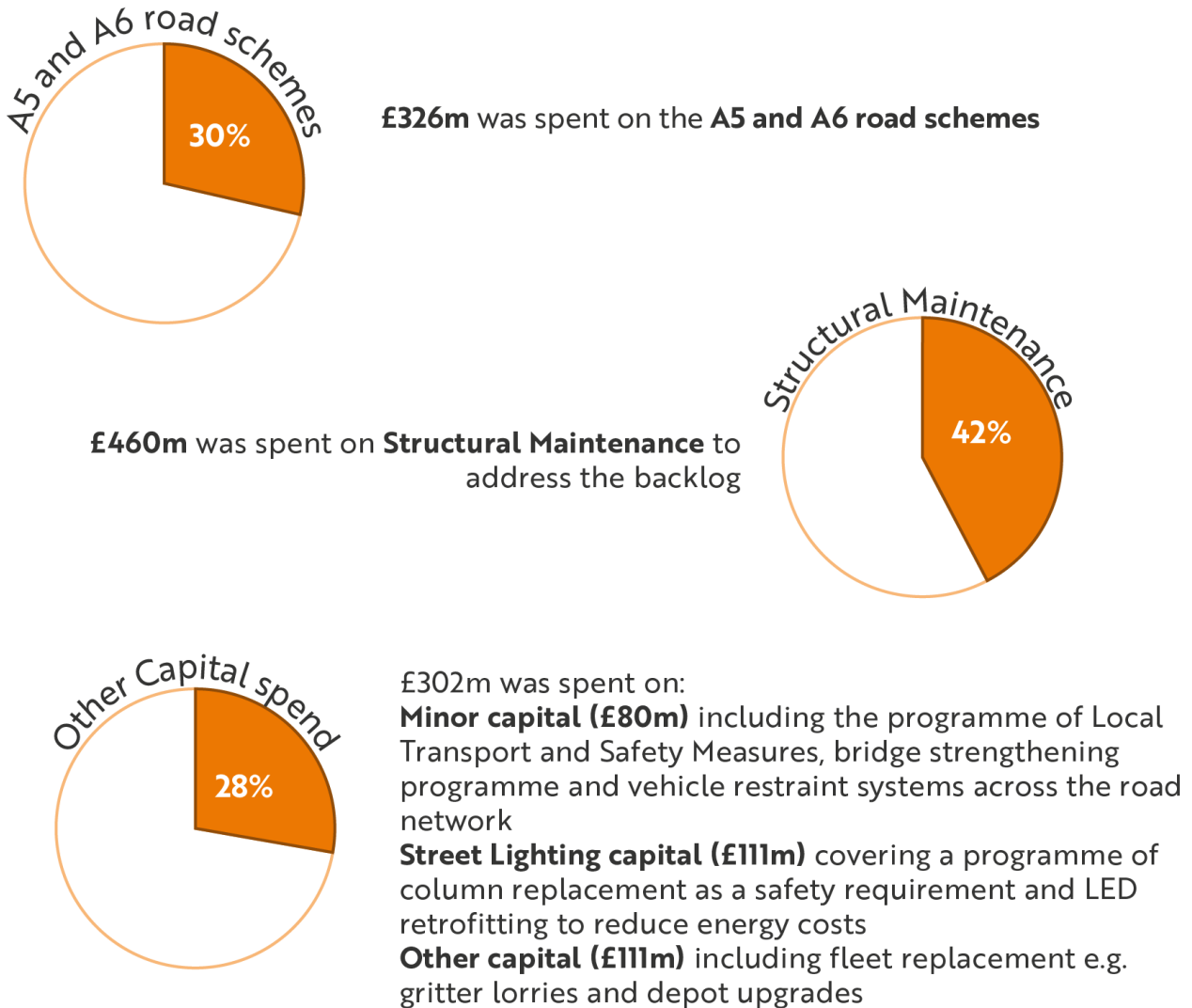
² Reflects the Secretary of State NI Budget 2023-24 position announced 27 April 2023. Amounts include budget allocations and planned expenditure to be funded by forecast capital receipts. An extra £38 million of Financial Transaction Capital (FTC) is held centrally by DoF for allocation. FTC is funding allocated to the Executive by the UK Government. While the Executive has discretion over the 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.

³The Executive Office expenditure figures includes FTC loan amounts that it administers and distributes to the recipients for some capital projects, where the departments do not have the legal powers to distribute FTC themselves.

Major capital projects are one of many competing priorities for capital funding

- 1.8** Departments' capital planning and spend will reflect, amongst other things, the Executive's Investment Strategy for Northern Ireland (ISNI) (**paragraph 1.14**) and Minister's priorities, alongside ongoing capital commitments and structural maintenance, set within the parameters of the annual capital budget allocations and the budgetary outlook. Priority areas for capital spend can change year on year.
- 1.9** As shown in **Figure 2**, DfI has the highest level of capital spend, accounting for over one third of the total capital spend from 2019-2024. DfI is responsible for the maintenance, development and planning of critical infrastructure in Northern Ireland and the management of over £43 billion of water and transport public assets (includes DfI, NI Water and Translink). It has three very different areas of responsibility competing for capital investment: roads; public transport (bus and rail public transport provided by Translink); and water (water and sewage services provided by NI Water), and within each of those areas of responsibility there are further competing priorities.
- 1.10** For example, as shown in **Figure 3**, DfI roads capital funding is spread over five main categories of spend, including A5/A6 road schemes, minor capital, fleet replacement and depot upgrades, street lighting and structural maintenance. Over the five year period 2019-20 to 2023-24, DfI capital spend associated with roads has been £1,088 million; however less than one third of that spend was on major road schemes.

Figure 3: Major road schemes comprise less than a third of DfI’s £1,088m roads capital spend



Source: Department for Infrastructure

1.11 Recently DfI substantially revised its plans for the development and delivery of major road schemes. DfI advised that this was necessary due to the challenging budgetary position, along with constrained resources and commitments under the Climate Change (NI) Act 2022. DfI told us that this combination of factors has changed the landscape considerably, meaning delivery of the major roads programme as previously set out is no longer sustainable nor appropriate. Priorities include the closing out of projects that have been recently constructed, as well as the continued development of the Executive’s flagship schemes (the A5, **Case Study 1**; and the A6, **Case Study 2**) and those with City and Growth Deals. The prioritisation exercise is being kept under review and any revisions are subject to approval by the Infrastructure Minister. Future major works programmes will be informed by DfI’s emerging transport plans and a decision by the Infrastructure Minister.

The absence of a functioning government has impacted on major strategic and policy decision making

1.12 The Programme for Government (PfG) sets out the Executive's priorities in a long term, strategic plan that drives changes to laws, the delivery of public services and investment in future projects. The PfG is to be underpinned by a number of key Executive strategies, including an investment strategy. The previous investment strategy, 2011-21, outlined plans to invest a total of £13.3 billion over the period 2011-12 to 2020-21. Over 40 per cent of the planned investment related to Health and Infrastructure. SIB told us that the actual investment in the period was £15 billion. The key achievements of the last investment strategy are summarised in **Appendix 3**.

1.13 The consultation on the PfG 2021 closed on 22 March 2021 and, following analysis of the responses, was expected to lead to the development of more detailed action plans and further engagement with stakeholders and delivery parties. However, following the collapse of the Executive in 2022 the PfG remains in draft.

1.14 SIB, on behalf of Ministers, developed a draft Investment Strategy Northern Ireland (ISNI), Infrastructure 2050, which sets out the key objectives for infrastructure investment in the region for the next thirty years. Implementation of the strategy was to be through a rolling 10-year investment plan that defines and prioritises the individual programmes and projects that need to be delivered. This was to be matched to a financial plan that will show how these will be funded. The draft Infrastructure 2050 was published for consultation in January 2022 but, following the collapse of the Executive in 2022, the strategy remains in draft. SIB told us that a final version of the strategy is currently being prepared, and will bring attention to the following areas:

- the need to invest more in the management of our assets to prevent asset failure;
- how infrastructure investment must change in light of obligations under the Climate Change (NI) Act 2022;
- the strategically significant programmes and projects that will be prioritised over the next ten years;
- the enabling actions that are necessary to overcome barriers that hinder effective infrastructure investment. This covers four broad themes of funding; the planning system; infrastructure planning and delivery capacity; and preparedness for decarbonisation; and
- the governance and monitoring arrangements that are appropriate (for the implementation and delivery of the strategy).

The timescales for approval and publication remain uncertain.

1.15 Following the collapse of the Executive, eight Executive Ministers continued in post until 28 October 2022 when all ministers automatically ceased to hold office under the Northern Ireland Act 1998, as amended in February 2022. The decision-making powers then transferred to departments' permanent secretaries; however, they are obliged to follow the policies of their former minister and are unable to make any new or far-reaching policy decisions on functions of the department. The Executive was restored in February 2024.

The construction sector is an important part of the Northern Ireland economy however it continues to face challenges including skills shortages, financial pressures and political uncertainty

- 1.16** In the period since our 2019 report the Northern Ireland economy, like all other economies, has been impacted by a number of economic shocks, including the COVID-19 pandemic. As a result of the pandemic there has been a period of significant shortages and delays in delivery, and volatility in the cost of construction materials, affecting the delivery of government construction projects. Where contractors could not have anticipated these delays or price pressures and allowed for them in their tender, there was a risk that this could lead to late completion and/or ultimately contractor failure. In response, the Executive approved Procurement Advisory Note, PAN 01/21, Construction Material Costs during Pandemic Recovery (3 August 2021).
- 1.17** The Procurement Advisory Note allowed departments to consider, on existing contracts, contractor's evidence that there was a significant delay in the supply of construction material impacting the completion date or key performance indicator (KPI) and/or that the impact of inflation is higher in specific element(s) of the contract than a diligent contractor could reasonably have anticipated. Where the contractor's evidence is compelling, the department should work with the contractor to identify suitable alternative materials or agree an acceptable change to completion date or KPI, and where the evidence of inflation is compelling, the department should apply a net price adjustment (all sums payable as a result of a net price adjustment were to be the defined cost i.e. not subject to any mark up for profit, overhead or other fee) for inflation to impacted elements of the price. For future contracts, departments should include an inflationary price adjustment clause and were expected to review material availability and estimated delivery times during design stage to aid delivery of a realistic works programme and should take cognisance of increasing prices when setting budgets for future projects. The Procurement Advisory Note was withdrawn for new tenders submitted after 1 January 2022. The Construction Employers Federation (CEF) has reported that in the Northern Ireland public sector market since the introduction of PAN 01/21, at least £38 million has been paid out to firms on existing public sector contracts to help with inflationary pressures and materials delays.
- 1.18** While there have been fluctuations in construction industry activity since 2019, the sector remains Northern Ireland's second largest industry, behind agriculture. In 2023, the construction industry comprised 10,515 businesses (14 per cent of all businesses), with an estimated 35,000 employees. In the 12 months to June 2023 the construction sector output was some £3.9 billion of which £1.2 billion (30 per cent) was from the infrastructure sub-sector (the other two sub-sectors are housing and 'other' works). The public sector accounted for just over half (£607 million) of the infrastructure output. The Department for the Economy (DfE), in its Economic Commentary – Summer 2023 noted that construction output growth was 6.5 per cent higher in Quarter 1 2023 than Quarter 1 2022, however, it also highlighted a number of challenges including continuing political uncertainty impacting on market conditions, and skills shortages.

- 1.19** Similarly, the CEF Construction Survey of members, January to June 2023 has highlighted the key challenges of: political uncertainty/no functioning Northern Ireland Executive; lack of pipeline [of work] in Northern Ireland; inflation; and access to skilled labour. Whilst CEF recognised some positives going forward, including the opportunities presented by the City and Growth Deals¹ and the Shared Island Funds², it stressed the need for a restored and fully functioning Executive and Assembly which can chart a forward path of public investment. CEF commented that, “... *Many government clients entered this financial year with no discretionary expenditure – leading to the cancellation of huge swathes of tendering activity. When you add to this the context of our overall public capital investment being at the same level annually as it was, in cash terms, as 2007-08 then we face a very difficult period ahead.*”

Findings from our other work since 2019 that are relevant to the successful delivery of major capital projects

- 1.20** Our November 2020 report on Capacity and Capability in the Northern Ireland Civil Service noted that many specialist activities in the Northern Ireland Civil Service (NICS), such as project management, and contract management are carried out by general service staff without specific skills or qualifications. The report concluded that more needs to be done to prioritise the identification and development of the skills, knowledge and experience which are key to the delivery of modern public services. Issues with capacity and capability across the NICS remain and continue to impact on the successful delivery of major capital projects. It is essential that the right people, with the right skills, are in place from the outset of a project. (See **paragraphs 4.14-4.16**).
- 1.21** In April 2023, our report on Public Procurement in Northern Ireland examined the arrangements in place to ensure the overall effectiveness of procurement across the public sector. The report acknowledged recent action taken to improve how procurement works including: the reconstitution of the Procurement Board with a new membership; the development of new procurement policies, including social value; and changes to the training and guidance available to public sector staff involved in procurement with new commercial training and new toolkit guidance introduced. However, we concluded that the structures and arrangements to provide leadership, governance and accountability in public sector procurement are not working effectively. This links directly to the issues previously raised highlighting the need to transform the commissioning and delivery arrangements for major capital projects in Northern Ireland. (See **paragraphs 1.5-1.6 and Part Four**).

1 City and Growth Deals are a package of funding between government and local authorities, aimed at helping to harness additional investment, create new jobs and accelerate inclusive economic growth. The Executive and UK government have committed £1.2 billion to four Northern Ireland City and Growth Deals: Belfast Region City Deal (£700m); Derry City and Strabane City Deal (£210m); Causeway Coast and Glens Growth Deal (£72m); and Mid South West Region Growth deal (£252m); plus a £100m Executive capital Complementary Fund.

2 The Shared Island Fund was announced in 2021, with €500 million in capital funding available between 2021-25, ring fenced for investment in collaborative North/South projects.

1.22

In June 2023, we reported on the Northern Ireland Food Animal information System, a project within the Department of Agriculture, Environment and Rural Affairs which was planned to be operational by December 2018 at an estimated total cost of £58 million. However, the system will not be ready until 2024, with a projected overspend of £17 million. This includes £11 million associated with a 5-year contract extension not covered by the original business case. Our report highlighted some key issues and lessons which have direct read across to the major capital projects covered in this report:

- Demonstrating commitment – decisive action was taken following the results of the 2019 gateway review. This was an important factor in re-building confidence amongst the key stakeholders. However, earlier intervention at a senior level in the Department may have prevented the project from drifting into failure in the first place.
- Team resources – the Project team should have the right skills, experience and capacity to manage the project.
- Flexibility – being prepared to stop, re-evaluate and proceed with a different approach is often overlooked in favour of pressing on with added vigour when projects don't go to plan.

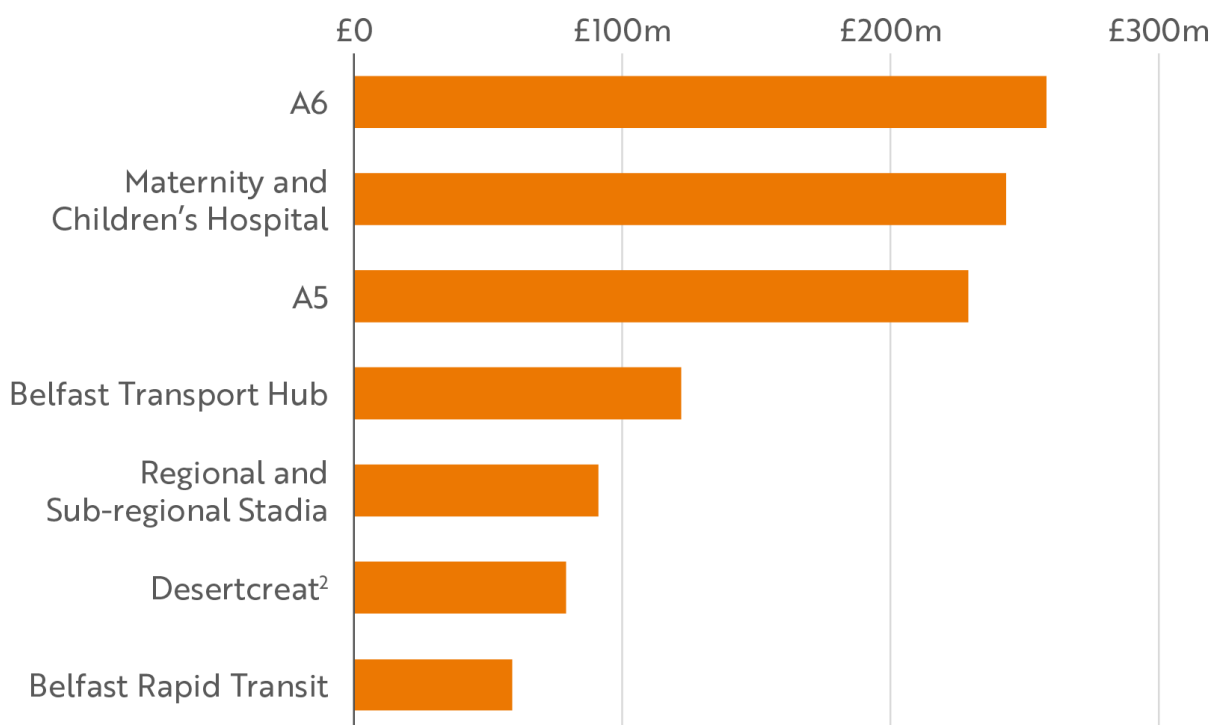
Part Two:

**Progress on the
11 case studies
included in our
2019 report**

2.1 In 2015, the Northern Ireland Executive identified seven infrastructure flagship projects as its highest priority projects and allocated funding over a five-year period from 2016-17 to 2020-21. The flagship projects and the funding commitment are shown in **Figure 4**. In 2019 we reported our findings from a high-level review of these seven major capital flagship projects along with four additional projects which we knew had experienced problems (the Critical Care Centre at the Royal Victoria Hospital; Primary Community Care Centres (at Lisburn and Newry); Ulster University, Greater Belfast Development; and Strule Shared Education Campus). We found that each of the projects examined suffered time delays and/or cost overruns when compared against the original timescales and budgets.

Figure 4: The Executive's seven flagship projects and funding commitment

Total Funding Commitment (2016-21)¹:



Source: Written Statement to the Northern Ireland Assembly by the Finance Minister - Budget 2016-17, 17 December 2015

Notes:

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

²In 2016, the Desertcreat flagship (a combined public services college for Northern Ireland Fire and Rescue Service (NIFRS), Police Service of Northern Ireland (PSNI) and the Northern Ireland Prison Service (NIPS)) was re-designated as the NIFRS Learning and Development Centre project at Desertcreat with an estimated capital cost of £44.8 million. The project was rebranded to Learning and Development Centre, Cookstown in 2019.

2.2 Since 2019, there has been mixed progress in delivering these 11 major capital projects, with many of the projects not yet fully complete and continuing to suffer further time delays and increased costs. At the time of our 2019 report, only one of the Executive's seven flagship projects had been completed. None of the other six flagship projects have fully completed to date. In 2019 the cost overruns for the seven flagship projects and the four high profile projects considered in our report were estimated to be £700 million. Based on current estimates provided by departments, the total estimated cost overruns are now close to £1.94 billion. **Figure 5** summarises the progress, and more detail on each of the 11 projects is provided in the case studies (see **Case Studies 1- 11**).

Figure 5: Summary of Performance of the flagship and four other major capital projects at 31 August 2023 against Outline Business Cases

	Project Completed?	ESTIMATED TOTAL COST (£ MILLION)				ESTIMATED TIMESCALE		
		Original Estimate	Current Estimate/ Actual	Projected/ Actual Overspend	Overspend %	Earliest Estimate	Current Estimate/ Actual	Oversrun (Years)
FLAGSHIP PROJECTS								
A5	No	799	1,700	901	113%	Dec-18	Sep-28	9¾
A6	No	594	655	61	10%	Dec-24	Dec-30	6
Belfast Rapid Transit	Yes	88	94	6	7%	Mar-18	Sep-18	½
Belfast Transport Hub	No	209	340	131	63%	Sep-23	Dec-25	2¾
Regional Children's Hospital	No	223	590	367	165%	Jul-20	Feb-29	8½
Maternity Hospital	No	57	97	40	70%	Dec-15	Jun-25	9½
NIFRS Learning and Development Centre	No	45	50	5	11%	Dec-20	Apr-24	3¾
Regional Stadia: Windsor Park	Yes	35	36	1	3%	Mar-15	Oct-16	1½
Regional Stadia: Kingspan Stadium	Yes	16	16	0	0%	Mar-15	Sep-15	½
Regional Stadia: Casement Park	No	78	140	62	79%	Mar-16	Dec-27	10¾
Sub-Regional Stadia Programme for Football	No	36	36	0	0%	See note below		
OTHER MAJOR CAPITAL PROJECTS INCLUDED IN OUR 2019 REPORT								
UU, Greater Belfast Development	Yes	254	358	104	41%	Apr-18	Sep-22	4½
Strule Shared Education Campus	No	169	366	197	117%	Sep-20	Sep-27	7
Critical Care Building	Yes	95	156	61	64%	Dec-12	Sep-20	7¾
Primary Community Care Centre Lisburn	Yes	Third Party Delivery - unitary charges apply				Mar-16	Aug-21	5½
Primary Community Care Centre Newry	No	See note below				Jun-16	Mar-27	10¾

Source: NIAO summary of information provided by departments.

Notes:

A6: the A6 project is now largely complete except for the final section (3.1 miles of the total 28 miles) which has been placed on hold.

Sub-Regional Stadia Programme for Football: no timescale information is available as an OBC has not been completed, however, as reported in 2019, original plans endorsed by the Executive in March 2011 envisaged delivery of the Sub-Regional Stadia Programme for Football by March 2018.

Primary Community Care Centre Lisburn: delivered by third party development. Annual unitary service charges apply.

Primary Community Care Centre Newry: originally planned to be delivered through third party development by June 2016. This approach has since been abandoned and the project has been superseded by the Newry Community Treatment and Care Centre (CTCC) project which will follow a standard procurement route. The latest capital cost estimate for the Newry CTCC is £88.3 million with an estimated completion by March 2027.



Case Study 1: A5 - An Executive Flagship project

2.3

The A5 project was brought to the point of construction on schedule in August 2012 and was to be completed by December 2018 at a cost of £799 million. It is currently expected to be delivered in September 2028, subject to the outcome of the Planning Appeals Commission inquiry, at a cost of £1.7 billion.

A5

The A5 is one of five key transport corridors identified in the Regional Transportation Strategy for Northern Ireland (with the A5 being the Western Transport Corridor). The scheme is a proposed 55 miles of predominantly dual carriageway, and is anticipated to improve strategic links between Londonderry, Strabane, Omagh and Aghnacloy, and with the Republic of Ireland. It would be the largest road scheme ever undertaken in Northern Ireland.

Our December 2019 report noted that the scheme has been beset by a series of funding difficulties and legal challenges. By March 2019 the latest estimated costs for the A5 project had risen to £1,100 million (from an original estimate of £799 million), with costs incurred by March 2019 of £80 million. The estimated completion date had also stretched to 2028, from the original target of 2018.

Since the publication of our 2019 report, a third public inquiry into the A5 scheme was administered by the Planning Appeals Commission in February and March 2020 at the request of DfI. An interim report from the Planning Appeals Commission was provided to DfI in September 2020 adjourning the inquiry as, in the Planning Appeals Commission's opinion, important issues could not be considered until DfI addressed information gaps. This interim report was not publicly available when it was presented to DfI in September 2020, however in March 2021 DfI published the interim report along with an Interim Departmental Statement reviewing the findings of the interim report. DfI rejected 4 of the 30 recommendations raised by the Commissioner in the September 2020 interim report. The rejected recommendations concerned the scope and phasing of the scheme as well as procedures around significant archaeological finds, should those be encountered after scheme authorisation.

A further commitment made by DfI in response to the interim report was to proceed with the development of a new Environmental Statement Addendum. This new Environmental Statement Addendum (the second Addendum since the 2016 Environmental Statement) was published in March 2022 and open for public consultation until May 2022.

DfI also published for consultation several new and updated reports in November 2022 as Supplementary Information to the March 2022 Environmental Statement Addendum. The public inquiry into the A5 scheme was scheduled to reopen in January 2023, however following objections DfI told us the Planning Appeals Commission concluded that there was insufficient time for members of the public to respond to the November 2022 consultation. The January 2023 inquiry was therefore postponed.

The Planning Appeals Commission requested that DfI produce and consult on longitudinal profiles and cross sections over the full length of the scheme. A public consultation on this information commenced in January 2023 and concluded in March 2023. The public inquiry was reconvened in late May 2023 and closed in early June 2023. DfI received the final advisory Report on the Public Inquiry proceedings from the Planning Appeals Commission on 31 October 2023. DfI told us the project team is now considering the points raised and detailed recommendations made by the Planning Appeals Commission before the next steps can be taken.

A cost estimate for the scheme was prepared in November 2022 that calculated the further cost of the project at £1.6 billion. In consultation with DoF, DfI told us the 2017 OBC has been replaced with a new OBC incorporating the revised cost estimate which was approved by DoF in May 2023. An indicative timeline by DfI estimates that a formal decision to proceed with the scheme could potentially be made in Spring 2024, and on that basis, subject to the completion of all statutory processes and environmental assessments, the availability of funding and no further legal challenges, construction works could commence later in 2024.

Costs have continued to be incurred on the scheme, with total spend to August 2023 of £96.8 million (a £16.5 million increase since March 2019 when we last reported). Costs to date plus the revised estimate for the project going forward of £1.6 billion bring the total estimated costs of this project to £1.7 billion.

Source: NIAO summary of information provided by the Department for Infrastructure



Case Study 2: A6 - An Executive Flagship project

- 2.4** The A6 project is now largely complete except for the final section (3.1 miles of the total 28 miles). Originally estimated to cost £594 million it is now estimated to cost £655 million on completion.

A6

This project involves upgrading the A6 element of the North Western Transport Corridor connecting Belfast to Londonderry with a series of dual carriageways. The project achieved flagship status in the 2016 Budget.

The project was to be delivered in two sections, with the second section split into two phases. Section one involves 9.1 miles of dual carriageway between Randalstown and Castledawson, either side of the Toome Bypass. Section two is being taken forward in two phases, 15.8 miles bypassing Dungiven to Drumahoe and 3.1 miles from Drumahoe to Caw, and will in total provide 18.9 miles of dual carriageway between Dungiven and Londonderry.

Our 2019 report noted that by March 2019 the latest estimated costs for the A6 project had decreased to £583 million (from an original £594 million), with costs incurred by March 2019 of £174 million. Progress on the project had been delayed because of a lack of funding and extended legal challenge around environmental issues.

The project has progressed significantly since our 2019 report. Section one (Randalstown to Castledawson) was originally scheduled for completion in 2020. The target date was subsequently revised to 2021 and the road fully opened in May 2021. Expenditure on the phase to the end of August 2023 was £186 million and DfI has forecast further spend of £5 million until 2028-29 bringing the latest cost estimate for the phase to £191.7 million (compared to a budgeted £184 million).

Construction of phase one for section two (Dungiven to Drumahoe) commenced in September 2018. It was originally planned for completion in 2021, with the completion date subsequently revised to 2022. The dual carriageway opened in April 2023 and contractual completion was achieved in November 2023. DfI told us that delays were due to the impact of COVID-19, circumstances outside of the contractor's control such as adverse weather conditions, poorer contractor productivity than expected and supply chain issues. DfI told us it has applied the clauses in the contract to recover delay damages where appropriate. Final costs for the phase are estimated to be £264 million (against an original budgeted cost of £239 million), with £250.6 million of spend incurred by the end of August 2023. DfI told us there is a significant amount of uncertainty over the final outturn costs given the number of items in dispute and the final cost will be determined by the outcome of dispute resolution mechanisms.

Phase two of section two (Caw to Drumahoe) was notionally estimated to be completed by 2024, however no funding had been identified. It was placed on hold in March 2019 and remains so. Part of the works on this phase will encroach on to the illegal Mobuoy waste site. This illegal waste site was identified by the Northern Ireland Environment Agency

(NIEA) in 2013, with the resulting legal proceedings culminating in a prosecution in 2023. DfI told us it is working with the NIEA and other stakeholders to progress the remediation of this site. DfI also told us delivery of this phase of the A6 will depend on a range of factors, including the completion of the remediation of the Mobuoy waste site, and future budget settlements as the phase is not part of the Dungiven to Drumahoe contract. As such, DfI told us that it is unable to confirm a programme for Phase two at present. By the end of August 2023, £6.8 million had been spent on this section of the project.

Source: NIAO summary of information provided by the Department for Infrastructure



Case Study 3: Belfast Rapid Transit - An Executive Flagship project

2.5

The Belfast Rapid Transit (BRT) project East-West route opened in September 2018, later than its original operational target of 2017-18. Final costs of £94.4 million were some £6 million more than the business case approval. A new and separate project, BRT Phase 2, commenced in August 2018 to extend the Glider network.

Belfast Rapid Transit

The development of a high quality, high capacity, accessible rapid transit network in Belfast was originally proposed in the 2002-2012 Regional Transport Strategy. The Northern Ireland Executive endorsed the design and construction of a proposed rapid transit network in Belfast in November 2008, and an Outline Business Case (OBC) was approved in August 2012. The OBC estimated that the total cost at £98.5 million and completion in 2017-18. Following various changes to the project in September 2013 and as a result of funding uncertainties, the estimated cost was reduced to £87.9 million, and the completion date was revised to 2018-19. Works on the project commenced in May 2014, and in December 2015 the project was given flagship status.

The Belfast Rapid Transit (BRT) services, operated by Translink under the brand name Glider, commenced on 3 September 2018. The final cost of the project was £94.4 million. DfI told us that the cost variance partly arose due to the addition of the Colin Connect Transport Hub with DfI contributing £1.0 million of part funding to this initiative developed under The Executive Office's Urban Villages Programme.

The second stage of the post project evaluation, which will consider the benefits realised from the project, was due by December 2021. DfI told us that due to the impact of the COVID-19 pandemic on public transport travel patterns, this had been deferred until public transport patronage had stabilised. Therefore, the second stage of the post project evaluation is now planned for completion by November 2024.

BRT Phase 2

A separate project, BRT Phase 2, was commenced in August 2018 to extend the Glider network. An interim OBC was submitted to the Belfast Region City Deal Partners in August 2020 which estimated the cost of the project to be £142-£148 million, of which only £35 million of funding has been secured via the Belfast Region City Deal. DfI told us that £20 million of funding from the UK government as part of the New Deal for Northern Ireland has been paused.

Following a public consultation between July and October 2021, a preferred route for the extension of the service north and south of Belfast was announced in October 2022 by the then Minister for Infrastructure. The consultation pack prepared by DfI identified several potential suitable routes, however it considered extensions of the southern route beyond Cairnshill Park & Ride route to Carryduff and the northern route beyond the O'Neill Road into Glengormley as unsuitable. The then Minister's decision in October 2022 overruled these considerations, deciding that these routes should be followed subject to feasibility,

which DfI told us is in progress. This second phase of BRT also encompasses an extension to the existing G2 Glider network to link with Queen's University and Belfast City Hospital.

DfI published a list of prioritised major road schemes in August 2023 which included Belfast Rapid Transit Phase 2. An accompanying document noted that, dependent on the availability of funding, the North-South Glider service could be operational in late 2029.

Source: NIAO summary of information provided by the Department for Infrastructure



Case Study 4: Belfast Transport Hub – An Executive Flagship project

2.6

Significant progress has been made on the Belfast Transport Hub's eight-hectare site since we reported in 2019. However, the completion date is now estimated as late 2025, over two years later than originally planned, and the latest cost estimates of £340 million are £131 million higher than the original estimate included in the 2017 OBC.

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 relates to the development of a new integrated public transport hub to replace the existing Europa bus centre and Great Victoria Street train station. The Hub will include an integrated bus and rail concourse, eight new rail platforms, 26 new bus stands, retail and commercial premises, park and ride facilities, a cycle hub, and links to other transport modes.

Following development of the Hub, a regeneration project will commence to develop opportunities for a range of commercial and residential users. These regeneration projects are to be brought together on an eight-hectare site in Belfast city centre named Weavers Cross. As with our 2019 report, this case study considers the first element of the project – the Hub.

The OBC (2017) estimated project completion costs of £208.9 million and a completion date of September 2023 (subject to securing planning permission by September 2017). Planning permission was received in March 2019. At that stage OBC costs were reviewed and increased to £227.2 million, and the completion date was revised to July 2025, with the station opening at the end of 2024.

Since our previous report, significant progress has been made on the development of the Hub. Enabling works on the site began in 2020, which included site clearance, utility diversions, ecology surveys, ground remediation, watercourse and drainage activities. Translink also progressed procurement for the main works, with the contract awarded to a joint venture in August 2021. The main works phase of construction began in February 2022, with the structural steel frame completed in June 2023. DfI told us it expects the Hub to be completed by the end of 2025. Key interim milestones remaining are the completion of the busway bridge by late 2023, which will allow access to the Hub for buses from the Broadway roundabout near the Westlink, and the operational opening of the Hub and completion of the rail systems by the end of 2024.

Estimated costs have risen significantly since our previous report. The full business case was approved in November 2021 and included costs of £294.6 million, however the impact of extraordinary inflation has further increased predicted costs. DfI told us the latest cost estimate for the project is now approximately £340 million, although this is subject to uncertainty. The potential impact of this extraordinary inflation is the greatest risk to the project according to DfI and is being monitored regularly. Costs incurred to 31 August 2023 on the project were £148.5 million.

Source: NIAO summary of information provided by the Department for Infrastructure



Case Study 5: Maternity and Children's Hospital – An Executive Flagship project to create a new regional children's hospital for Northern Ireland and a new maternity hospital, both on the Royal Hospitals site, Belfast

2.7

Case Study 5A – The Regional Maternity Hospital. The original planned completion date for the new hospital was December 2015, however work did not commence until November 2017. The latest estimated date for completion of the final phase of the hospital is June 2025, almost 10 years later than the original date, at an estimated cost of £97.1 million compared to the original estimate of £57.2 million.

Regional Maternity Hospital

In December 1999, it was proposed that maternity services should be located in a new hospital on the Royal Hospitals site. By 2005, plans emerged for a new, combined Women's and Children's Hospital. However, this idea was shelved because of capital funding constraints. A review, initiated by the Minister in June 2010, identified that the top three floors of the Critical Care Centre could be used to provide maternity postnatal beds by 2015, at a cost of £8.2 million. The cost of a new maternity hospital, providing the remainder of the accommodation, was estimated at just under £49 million (£57.2 million in total).

The planned regional maternity hospital project is being delivered in three phases – the construction of a new maternity building at the Royal Hospitals site (Phase One); the demolition of the existing neonatal wing of the existing maternity building (Phase Two); and the construction of a bridge link to the Critical Care Centre (Phase Three).

While separate from the Children's Hospital project at the Royal Hospitals site, there are some interdependencies between the two projects and the two together form an integral part of the 'flagship' Maternity and Children's Hospital project. Designation as a flagship project alleviated the funding constraints and provided certainty over funding.

Work on Phase One of the project, the new maternity building, commenced in November 2017. At the time of our 2019 report Phase One was on track for completion in August 2020. Phase Two was expected to be completed in March 2021 and Phase Three in September 2021.

DoH told us that *Pseudomonas* bacteria was detected in the water system during the commissioning process for Phase One. Stakeholders are working to resolve the issue and DoH told us an independent expert was commissioned to review the system and provide advice. The latest anticipated handover date is now March 2024, with commissioning due to be completed by August 2024.

DoH told us the Phase Two demolitions work cannot proceed until the existing neo-natal unit has been vacated and the service moved to the new building. Once the new building is occupied, the demolition can proceed to make way for the construction of the new

link bridge. The programme of work to complete Phases Two and Three is estimated to commence in May 2024 and complete in June 2025.

DoH advised us that delays to the project can also be attributed to the impact of COVID-19 on construction, changes in standards and guidance, and the complexity of working on a live hospital site.

Our previous report noted that by March 2019 the latest estimated costs for the project had risen to £74 million (the original estimate was £57.2 million). In February 2022, an addendum to the full business case was approved, with the budget increased to £97.1 million. DoH told us the latest cost estimate for the project on completion is £97.1 million and by the end of August 2023 spend on the project had reached £89.5 million.

Source: NIAO summary of information provided by the Department of Health

2.8

Case Study 5B – The Regional Children’s Hospital. Enabling site works were completed in January 2023 in preparation for the main construction works, however, following a main works procurement exercise the approval of the full business case remains outstanding. The latest cost estimate is £589.6 million; more than double the original cost estimate of £223 million, and the project is expected to be completed nine years late, in 2029.

Regional Children’s Hospital

The development of a standalone Regional Children’s Hospital emerged when earlier plans for a combined Women’s and Children’s Hospital could not progress because of funding constraints. Following the decision to develop a separate Maternity Hospital, plans for a new Children’s Hospital at the Royal Hospitals 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.

Plans anticipated that the Regional Children’s Hospital would be completed, and opened, in July 2020, at a cost of £223 million. Formal DoH approval to proceed with the project was provided in February 2014. The Children’s Hospital, along with the new Maternity Hospital, was announced as the ‘flagship’ Maternity and Children’s Hospital project identified in the 2016-17 NI Executive budget. Funding of £242.7 million was allocated to the flagship project (that is both elements of the project) over the five years 2016-17 to 2020-21.

An addendum to the business case was approved by DoH and DoF in October 2018. This set out the rationale for a 59 per cent increase in project costs (from £223 million to £353.9 million). The additional costs were attributable, in the main, to design changes reflecting changes in guidance and legislation and inflationary uplift of approximately £80 million.

A planning application was submitted in August 2018 and planning permission was received in April 2019. Following a procurement exercise launched in May 2021, a single tender application was received for the project in April 2022. We had previously reported in 2019 that procurement was scheduled to run from July 2019 to June 2020. DoH attributed the almost two-year delay in issuing the invitation to tender to internal peer

review of works information. We were told that a full review of tender packages using Subject Matter Experts, was initiated by the Belfast Health and Social Care Trust (BHSCT) and DoH Health Estates, as a result of a number of high-profile health projects throughout the UK having experienced significant impacts on cost, time and outcomes due to inconsistencies and errors in their tender documents.

While only one bid was received it was considered a competitive bid by DoF's Construction and Procurement Delivery Health Projects Division. A full business case for the project was submitted by the BHSCT to DoH in July 2022 and a final business case was submitted in August 2023, with affordability the main concern.

DoH told us that approval of the Regional Children's Hospital final business case is dependent on approval of a business case for the proposed energy centre at the Royal Victoria Hospital, which was submitted for approval in October 2023. The energy centre will provide the heat and power for the Regional Children's Hospital and is required to be completed 18 months in advance of the handover of the Regional Children's Hospital. The construction times for the energy centre have increased significantly and there is now a forecast 13-month differential between the forecast 'power on' date for the energy centre and the start of the commissioning period for the Regional Children's Hospital. The BHSCT has advised that this risk will be mitigated through the use of existing thermal and electrical power supplied to support the building commissioning phase only. The final stages of commissioning and operational use require the energy centre's high voltage distribution, high voltage generators and combined heat and power systems to be operational, which will be facilitated under the revised programme.

In addition to the operational and business case dependency on the proposed energy centre, DoH told us that operational dependencies for the new Regional Children's Hospital will also exist with new linking bridges to be built to the new maternity hospital, infrastructure works required to support the operation across the Royal Victoria site, and provision of car parking.

At the time of our 2019 report, the facility was anticipated to open in early 2024. Site enabling and demolition works were completed in January 2023. DoH told us that appointment of a contractor for the main works was anticipated for November 2022, with a start date of February 2023, however these dates have now slipped. The latest estimate is for FBC approval to be received in February 2024, with the main works commencing August 2024. Once construction can begin, it is anticipated to last 54 months and be followed by a six-month clinical commissioning period. DoH have told us their latest programme anticipates completion of the construction by mid-2028 with commissioning completed by February 2029.

The latest estimate capital costs for the Regional Children's Hospital project have increased further to £589.6 million (from an original estimate of £223 million), with £69.5 million spend incurred by the end of August 2023. DoH told us the increase in cost since the submission of the October 2018 addendum (which increased costs to £353.9 million) is in the main due to changes in market conditions.

Source: NIAO summary of information provided by the Department of Health



Case Study 6: Critical Care Centre

2.9

Originally planned as a six-storey building costing £33 million with a completion date in mid-2005, the Centre through design and specification changes became a ten-storey building with a delivery date of 2012 at a cost of £95 million. The Centre was fully operational in September 2020, almost eight years later than planned. Costs have continued to be incurred on the project, with the total expenditure to August 2023 reaching £155.8 million.

Critical Care Centre

Development of the Critical Care Centre (the Centre) was announced as part of a series of projects intended to centralise treatment of the most complex medical cases in Northern Ireland at the Royal Hospitals site within the BHSCT. This was to be achieved, in part, through a series of development projects across the Royal Group of Hospitals estate and phase 2B of these projects related to the construction of the Centre.

Originally envisaged in 2001 as a six-storey building to be completed by June 2005 at a cost of £33 million, the final detailed design and specification of the Centre had changed to a ten-storey building anticipated to be delivered by 2012 at a cost of £95 million. These design changes included increasing the size of the Accident and Emergency, Theatres, Burns and Critical Care departments, the addition of an Education Centre, improved standards of isolation facilities and air-conditioning systems and the inclusion of a helipad.

Construction of the Centre commenced in 2007 but was beset by delays. In June 2010, the then Minister called for a review of the accommodation within phase 2B. 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). In 2011 an Emergency Business Case was produced which identified a reduction in the need for specialist Burns and Critical Care beds. The estimated costs were revised to £151.7 million (including £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.

In October 2012, approximately one month before the scheduled handover date, the main contractor 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 BHSCT. 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. 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. During these works, issues were identified with the drainage system and theatre ventilation system. In January 2020, additional expenditure was approved including the costs for a new hybrid theatre and additional works to ventilation systems. This brought the total approved cost to £156.5 million.

The Centre was fully operational in September 2020, almost eight years later than planned, however floors 7-9 cannot be used for their original purpose as maternity wards until a link corridor is built between the new Regional Maternity Hospital (see **Case Study 5A**) and the Centre. The estimated date for completion of the link corridor is June 2025. Currently, floors 7-9 are being used to alleviate bed pressure in the adult acute hospital.

Total expenditure on this project by August 2023 was £155.8 million and £0.3 million of capital spend is profiled in 2024-25 to equip the Maternity floors 7-9 prior to occupation.

Source: NIAO summary of information provided by the Department of Health



Case Study 7: Lisburn and Newry Primary Community Care Centres (PCCC)

2.10

Two new PCCCs were to be built and funded by the private sector and paid for annually over a 25-year term by the relevant Health and Social Care Trusts through their revenue budget. They were to be operational by March 2016 at a total cost of almost £80 million. The Lisburn PCCC became operational in February 2023, almost seven years later than originally planned. The construction of Newry PCCC has not yet commenced and is being taken forward through a standard procurement process funded by the Southern Health and Social Care Trust.

Lisburn and Newry Primary Community Care Centres

The accelerated delivery of Primary and Community Care Centres (PCCCs) was identified as a high priority for improving the delivery of integrated primary and secondary care services. Plans to develop PCCCs in Lisburn and Newry were initiated under Ministerial Direction in March 2013 and recommended for 'fast tracking', with the new facilities expected to be operational by March 2016 at a cost of almost £80 million. The Strategic Investment Board told us previously that this was probably an unrealistic target, particularly when a relatively innovative process of third party development (3PD) had been proposed. 3PD is a revenue-funded partnership with a private sector developer.

Under 3PD, the two local Health and Social Care Trusts (South Eastern and Southern) would 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 arrangement. Once operational, annual service payments will be made by the Trusts and 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 told us that actual charges incurred on the Lisburn PCCC project in the 2021-22 and 2022-23 periods were between £2.9-£3.0 million.

The projects were officially launched to the market in summer 2013, 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) remained under consideration by the time our 2019 report was published.

The contract for Lisburn PCCC was awarded in early October 2018 and construction commenced on site in April 2019. At the time, the Lisburn PCCC was expected to be operational in August 2021. Practical completion of the project was achieved in April 2021,

with the exception of works resulting from build variations initiated by general practice tenants and the South Eastern Health and Social Care Trust. These variations included design changes to two of the general practice areas to facilitate a potential merger, fencing for the multi-storey car park and integration of the access control and CCTV systems with existing systems maintained by the Trust. These works experienced additional delays and were completed in early 2022. Commissioning works for the Lisburn PCCC commenced in November 2021 and completed in September 2022, with the Lisburn PCCC operational for service users in February 2023.

The Newry project, however, continues to face delays. Negotiations over planning permission between the contractor and Newry, Mourne and Down District Council were lengthy and only resolved in December 2019, with planning approval received in July 2020, at which point DoH told us the contract was expected to be formally awarded to the preferred bidder to allow construction to commence. DoH told us that subsequent delays were due to the impact of the COVID-19 pandemic and construction price inflation arising from global market conditions. In November 2021, the preferred bidder advised DoH that it was unable to proceed with the project in accordance with its tendered costs as uplifted by indices to take inflation into account.

DoH told us that CPD Health Projects (now DoH Health Estates) then considered alternative procurement options for the project. Due to the scheme design being at such an advanced stage, with full planning approval secured for the developer's intended site and the lack of suitable alternative sites in the Newry area, the procurement advice was to purchase the site and design from the developer and tender the project as a conventional tendered work contract. A Strategic Outline Case was submitted to DoF for approval in September 2022, and approved in March 2023 following queries with DoH and DoF. This approval granted the Southern Health and Social Care Trust permission to purchase the site and existing design from the developer at a cost of £4.5 million. An Outline Business Case for the project was submitted in July 2023 and is currently going through the review process. The latest capital cost estimate for the Newry PCCC (now known as the Newry Community Treatment and Care Centre (CTCC)) is £88.3 million with construction due to begin in April 2025 and complete in March 2027.

Source: NIAO summary of information provided by the Department of Health



Case Study 8: Northern Ireland Fire and Rescue Service (NIFRS) Learning and Development Centre, Cookstown – An Executive Flagship project

2.11

Originally the project near Cookstown (in Desertcreat) was intended as an Executive Flagship project for a combined training and development facility for three public sector organisations. However, it proved too costly, and the project was changed to only accommodate NIFRS training services. The rebranded project was estimated at £44.8 million and planned to be completed in 2020. The Learning and Development Centre is currently forecast to be completed by April 2024 at a total cost of £49.9 million.

NIFRS Learning and Development Centre, Cookstown

The Learning and Development Centre, Cookstown project (previously known as NIFRS Learning and Development Centre, Desertcreat) was originally envisaged as a combined training and development site for the NIFRS, PSNI and Northern Ireland Prison Service (NIPS) spanning 101 hectares at Desertcreat (near Cookstown). The cost of the project was initially estimated at £140 million in 2010, however tender prices received were around 30 per cent higher than the approved budget. 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. Therefore, in March 2016 the Desertcreat project was changed to only accommodate NIFRS training services, and the project was rebranded as the NIFRS Learning and Development Centre at Desertcreat. Training services relating to PSNI and NIPS were to be taken forward by the relevant bodies as separate projects.

The total cost of the rebranded project under the OBC1 was estimated at £44.8 million (Phase One £4.2 million; Phase Two £40.6 million). Phase One was estimated to be completed in 2018 and Phase Two in 2020. DoH told us that the Phase Two information in OBC1 was at SOC levels of detail only at this stage, and that it considers the baseline for Phase Two should be the OBC2 approved in February 2020 which approved spend of £42.2 million (with construction to be completed in April 2023).

Phase One of the project provides a six-storey tactical firefighting facility and teaching support building. It was completed in July 2019 at a cost of £5.3 million against a final estimated cost of £5 million (and original estimated cost of £4.2 million).

Phase Two will provide a multi-function training warehouse, fire call-out scenario village, flood water training facility, road traffic collision scenarios and learning support centre. In 2019 we reported that due to delays in the development and approval of an OBC2, Phase Two was no longer within the original timescales and construction was planned to start in early 2021 with a two-year build period. Following further delays, an exception report was submitted to DoH by NIFRS for recognition of programme delay in June 2021, and consequently the planned date to start construction was moved from January 2022 to April 2022 with completion anticipated in April 2024.

The full business case for Phase Two was approved in December 2021, with the overall capital requirement estimated at £42.6 million. The main works contract was subsequently awarded in December 2021. Phase Two works commenced in May 2022 and DoH told us the works are progressing in line with the agreed programme and that the latest projected cost for Phase Two is £44.6 million. As of the end of August 2023, £31.2 million has been incurred on Phase Two and the expected completion date remains April 2024.

The total estimated cost for the project is therefore £49.9 million, split between the £5.3 million actual cost of Phase One and the latest estimated cost of £44.6 million for Phase Two.

Source: NIAO summary of information provided by the Department of Health



Case Study 9: Regional Stadia Programme and Sub Regional Stadia Programme - An Executive Flagship project

2.12

Following rejection of a multi-use national stadium in 2009, the Executive endorsed plans for three regional stadia (football, Gaelic games and rugby) within the 2011-15 budgetary period and the sub-regional stadia for football by March 2018. Two of the regional stadia have been delivered. The third regional stadium, Casement Park, has had two separate Judicial Reviews against its planning permission. The latest target for completion is by the end of 2027, more than 10 years later than originally planned. Originally estimated to cost £78 million (with Ulster GAA contributing £15 million), the latest cost estimate for Casement Park is £112 million - £140 million. There has been little progress on the Sub-Regional Stadia Programme for Football, which is estimated to cost £36 million.

Regional Stadia Programme and Sub-Regional Stadia Programme for Football

In January 2009, following the rejection of a proposal to provide a multi-use national stadium project on the Maze/Long Kesh site, the then Minister for the Department for Culture, Arts & Leisure (DCAL), requested the governing bodies of the three main ball sports in Northern Ireland (football, Gaelic games and rugby) bring forward preferred options for stadium provision that would deliver financially viable regional facilities of suitable scale and standard to meet the long-term strategic needs of the sport governing bodies. In June 2009 it was agreed that an OBC would be commissioned to identify options.

The Regional Stadia Programme was a key commitment in the Northern Ireland Executive 2011-15 Programme for Government (PfG), in the draft PfG for 2016-2021 and remains a priority project in the New Decade New Approach deal. 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 Football by March 2018.

The agreed public sector funding package involved £110 million for the Regional Stadia Programme (together with £19 million sponsor contribution). Subject to availability, funding of £36.2 million was also agreed towards a Sub-Regional Stadia Programme for Football.

Regional Stadia Programme

Our 2019 report noted that within the Regional Stadia Programme, by March 2019, just over half the approved budget of £110 million had been spent (£61.8 million). The **Kingspan Stadium** (Ravenhill) opened in May 2014, and was fully completed in 2015 at a cost of £16.5 million (against a budget of £16.5 million). The **National Football Stadium at Windsor Park** was completed and officially opened in October 2016, 18 months later than the original timeframe, in line with the estimated cost of £35 million. All publicly funded elements were completed by March 2015. In August 2022, the Regional Stadia Programme Board approved the award of £0.8 million of additional grant funding to the Irish Football Association to settle the stadium construction contract Final Account.

The approved budget for **Casement Park** is £77.5 million, of which £15 million was to be sponsored by the Ulster Council Gaelic Athletic Association (Ulster GAA).

The Casement Park project has continued to experience major delays. Planning permission for Casement Park was granted in December 2013, however planning permission was overturned in December 2014 as a result of Judicial Review. A revised planning application was submitted in February 2017. Compared to the previous design approved in December 2013, the revised design features a reduced capacity (34,000 from 38,000), incorporates a bowl design with a circulation zone around the proposed structure and is reduced in height and scale. Planning permission for the revised design was granted by DfI in July 2021. A Judicial Review was launched in October 2021, against DfI's decision to grant planning permission, however following hearings in March and April 2022 the Judicial Review ruling in June 2022 upheld the granting of planning permission.

DfC told us that it then began a process of assessing whether retaining and modifying the existing construction contract continued to comply with the Public Contract Regulations 2015 and demonstrate value for money, or whether the project must be reprocured. In July 2023, DfC and Ulster GAA issued a Voluntary Ex Ante Transparency notice (VEAT notice) to indicate that the existing construction contract was to be modified. Under the proposed revised contract, the cost range of the contract was anticipated to increase to between £112 million - £140 million. DfC told us that the cost analysis in the VEAT notice had been assessed as reasonable by their external advisors and the upper range was calculated as a lawfully compliant contract modification value. The VEAT notice passed a 30-day period set out under procurement regulations without challenge.

In August 2023, the Buckingham Group, one of the partners in the joint venture awarded the December 2013 contract to construct Casement Park, filed a notice of its intention to appoint administrators. The company entered administration in September 2023. DfC told us that Ulster GAA began a process of due diligence on a response, and that the other joint venture party remained committed to the project. However, in November 2023, Ulster GAA announced that the other joint venture partner, Heron Brothers Limited, would be withdrawing from the contract. This development prevents Ulster GAA from pursuing their preferred option of retaining and modifying the existing construction contract, and a new contractor needs to be secured in the coming months. DfC told us that it was investigating options available, such as the use of existing public sector procurement frameworks, and that the procurement strategy for the project would need to be determined promptly.

By 31 August 2023, DfC grant funding on the Casement Park project had increased to £12 million from £10.3 million at 31 March 2019.

The delivery of Casement Park continues to be a challenging project and was subject to a Project Assessment Review in July 2019 that produced a delivery confidence level of Amber/Red. DfC told us it has taken steps to address the recommendations from that review, however the project continues to face key risks including the financial affordability of the project and the extension of delivery beyond the agreed timescales.

Whilst work on building the stadium is yet to begin, when the UK and Ireland were announced as hosts of the UEFA EURO 2028 competition in October 2023 Casement Park was verified as one of the ten host stadia. The latest expected completion date according to DfC is by the end of 2027.

Sub-Regional Stadia Programme for Football

We previously reported that by March 2019, the Sub-Regional Stadia Programme for Football had not progressed significantly beyond a Strategic Outline Case approved by DoF in June 2015, which estimated costs at £36 million.

Progress since March 2019 has been minimal. Upon restoration of the Executive in January 2020, the Minister for Communities requested officials undertake an exercise to review the current and future needs of the football family. Departmental officials issued surveys to, and held meetings with, stakeholders during 2020. Submissions were made to the Minister on the Programme in 2020 and 2021 however no final approvals were obtained prior to the collapse of the Executive.

In 2022, the Minister instructed Programme officials to establish a Task and Finish Group to undertake research to inform the development of proposals in respect of performance clubs to identify information on structural requirements of football stadia and quantify financial need. Performance clubs include all senior men's and women's teams whose home ground is located in Northern Ireland. This includes all NI Football League Member Clubs and Derry City F.C. As part of this, the Sports Ground Safety Authority were commissioned to survey performance club grounds and work was undertaken to review existing club plans, benchmark with other jurisdictions, consider the financial status of clubs and consider governing body requirements.

The NI Executive allocated a budget of £36.2 million for the Programme which remains ringfenced. Whilst DfC told us the needs of local football have not been definitively costed its current analysis suggests this budget will not be sufficient to achieve the originally anticipated outcomes.

Work remains ongoing to develop proposals to meet the needs of local football. DfC told us final proposals will be considered in the context of existing approvals and legal advice will be sought as necessary on whether revised or new approvals are required.

A revised Strategic Outline Case for the scheme is in the process of being developed. No capital expenditure has been incurred on this Programme and the timeline to complete the Programme remains unknown.

Source: NIAO summary of information provided by the Department for Communities



Case Study 10: Ulster University, Greater Belfast Development

- 2.13** The University's project to expand its Belfast campus was estimated to cost £254 million and open to students in September 2018. It experienced a number of delays which resulted in the University opening the final phase of the development in September 2022. Final costs are estimated to be £357.8 million.

Ulster University, Greater Belfast Development

An Outline Business Case for the redevelopment of the University's Jordanstown Campus (approved in March 2010) recommended relocating the majority of the activities and students from Jordanstown to a significantly expanded Belfast campus. Per the OBC, the build was expected to complete in April 2018, at a cost of £254 million. It was envisaged that it would open for students in September 2018. Funding was to come mainly from the University's own reserves and external borrowing, with the Department for the Economy (DfE) contributing £16 million of capital grant. DfE told us that the 2010 OBC cost of £254 million omitted estimated finance costs of £130 million, associated with external borrowing, and as such did not accurately present the full cost of the project. The main elements of the project included refurbishment/construction of four blocks (BA, BB, BC and BD), with additional work around a neighbouring street (Frederick Street) included later in the project.

Construction commenced on phase one of the project in June 2013. Phase one, the refurbishment/construction of blocks BA and BB and the relocation of staff, was completed in August 2015, and the principal design and construction contract for phase two (blocks BC and BD) was awarded to a joint venture of two construction companies in March 2015. We previously reported that by March 2019 spend on the project totalled £151.3 million, financed through: Financial Transaction Capital (FTC) loans of £73.5 million; government capital grant of £16 million; and the remainder, £61.8 million, from the University's reserves.

By 2019 the projects had experienced several challenges. These included:

- the discovery of latent defects completed under the basement contract for block BC (the defects were cited as the main cause for the project delays);
- the European Investment Bank withdrew a £150 million loan facility in February 2017 because of project delays; and
- Lagan Construction Group Ltd, part of the joint venture contracted to build phase two, went into administration in March 2018 and all works on site ceased. Somague Engenharia, S.A. (a Portuguese public works and construction company) was the partner in the joint venture. Following negotiations with the University and the administrators of Lagan Construction Group Ltd, they agreed to complete the contract, and recommenced work at the end of June 2018.

In 2019 the University appointed external advisors to conduct a Capital Projects Review and Business Case, and subsequently approached DfE to assist it with alternative sources of funding for the project through the provision of further FTC loans for £126 million. This was in addition to the £73.5 million FTC received by March 2019.

The University completed a revised business case for the project in 2019 which was subsequently approved by DfE and DoF. The revised business case took account of the challenges faced by the project up to 2019 and confirmed that the project objectives remained valid. The date for full academic operations to commence in the new building was revised to September 2021. The project scope was expanded to include refurbishment of additional buildings and a car park; an increase in the VAT rate from 17.5% to 20%; and a negotiated settlement amount with the phase two contractor. The total project cost was forecast at £370.9 million. The 2019 OBC assumed the FTC loan would be at zero interest and therefore did not include finance costs. No external financing was accessed over and above FTC and the £130 million financing costs referred to at the 2010 OBC stage were not incurred.

Conditional approval for the further FTC loan was provided by DfE and DoF on 7 February 2020 on the basis that DfE would commission a review of the University's financial sustainability and management capability. The review (September 2020) gave DfE confidence in the financial sustainability and future operating success of the University. The University accepted the review's recommendations and agreed to implement them to the satisfaction of DfE. The first tranche of the additional FTC loan was paid in 2020-21.

Following the 2020 review DfE revised its oversight arrangements for the project. These included an Investment Decision Maker Oversight Group consisting of senior officials from its Finance, Corporate Governance and Higher Education directorates and the Strategic Investment Board (SIB). The oversight group was to be informed of the project's progress, monitor the overall financial position of the University, and facilitate drawdown of the FTC loan, as well as monitoring the University's progress against the review's recommendations.

The University also enhanced governance through the establishment of a Sub-Committee of the Council – the Belfast Campus Development Committee. This committee included members of the University Council, corporate finance and project construction advisors. In addition, the Deputy Secretary of Skills and Education Group in DfE sat as an observer on the University's Greater Belfast Development Steering group which was responsible for oversight of the project at a strategic level and SIB assumed the role of project monitor and worked with the University's construction project director on FTC drawdown requests. SIB representatives also sat on the University's Greater Belfast Development Project Board.

In 2020-21, a capital grant to the value of £25 million was secured by DfE to replace £25 million of the FTC loan. This was to bring additional security and flexibility to the University's financial sustainability (the conditional grant funding was approved by DfE, DoF and the Economy Minister in March 2021).

DfE told us that the University has pursued remedies and resolution of a number of matters arising during the project including:

- The physical latent defects discovered with the basement contract works were remedied during the final phase of the development and matters of liability and damage concerning these were fully resolved, with the phase two contractor delivering the final phase. The University is seeking resolution of any proportionate liability and damages with other suppliers involved in the basement works contract.

- The University's termination of the Lagan Construction Group Ltd contract following the Administration has been addressed through the courts and is now fully resolved.
- The University is taking the necessary steps, in accordance with its contract, to resolve any snags and defects during the 18-month maintenance phase of the contract and complete the project Final Account negotiations with the phase two contractor.

The University opened the final phase of the Belfast campus in September 2022 (against an original estimate of September 2018). As envisaged in the project, an element of the Jordanstown campus will be retained to provide a redeveloped Sports Village as well as the Student Accommodation block and the University's Fire Research building. The remainder of the Jordanstown site is marked for disposal.

Total expenditure on the project, at September 2023, was £342.6 million (with £15.3 million of the budget remaining, of which £5.9 million relates to the Jordanstown sports facility and £3.6 million is contingency). The forecast outturn for the project is £364 million. Costs incurred include FTC loan financing costs of £6.4 million. Funding for the project was secured from government grant of £41 million; FTC loan of £174.5 million; and University reserves of £148.5 million. The original estimated cost in 2010 was £254 million (excluding £130 million financing costs associated with borrowing which was subsequently not incurred).

Note: FTC takes the form of a repayable loan and is administered by SIB on behalf of TEO.

Source: NIAO summary of information provided by the Department for the Economy and the University of Ulster



Case Study 11: Strule Shared Education Campus

- 2.14** The project for a shared education campus originally had estimated costs of £153.2 million and an opening date of September 2020. Arvalee Special School was opened in 2016 on the site. The current estimated date for full campus opening is September 2027, seven years later than originally planned, and at an estimated cost of £366 million.

Strule Shared Education Campus

The Strule Shared Education Campus (SSEC) is to provide a shared education campus for five post-primary schools and one special needs school³, in total 4,110 pupils, on a 139 acre site (the Ministry of Defence's former Lisanelly and St Lucia sites) in Omagh. The provision of the campus was included as a commitment in the Northern Ireland Executive's 2011-2015 Programme for Government⁴.

The Department of Finance (DoF) gave approval to the Outline Business Case (OBC) in 2008 to enable exemplar design to be undertaken and, in 2013, approved an OBC2 enabling the Department of Education (DE) to proceed with design work prior to procurement. Construction costs were estimated at £125.2 million. In 2016, DoF approved an addendum to OBC2 for estimated costs of £153.2 million (including an estimate for inflation the figure amounted to £168.9 million) and a completion date (schools open) for September 2020.

By 2019, two of the seven projects comprising SSEC were completed. The Arvalee Special School and Resource Centre opened in 2016 (project 1), and access to the site was improved with the new Strathroy Link Road opened in November 2019 (project 7). Progress had also been made on site clearance and preparatory works in advance of the Main Works Construction of the remaining five schools and shared facilities (project 2). Since the completion of the enabling works for the Main Works Construction (project 2) in 2019 there has been no further meaningful construction activity on the site.

The Main Works Construction procurement began in late 2016. Invitations to Tender (ITT) were released to the market in January 2018, and subsequently one of the two bidders withdrew from the process before the ITT deadline. In February 2018 the procurement competition was suspended by DE due to the difficulty of demonstrating value for money in a competition with only one bidder.

While the Main Works Construction procurement was suspended, the Department undertook work to update the business case options, cost estimates, benefits and risks and re-confirm the overall value for money. A revised OBC, the second addendum to OBC2 (June 2019), estimated the cost at £195.3 million at 2019 prices (this included construction price inflation from 2019 to completion of £15.7 million and an optimism bias/contingency sum of £14.5 million) and schools opening in September 2023. However, DE's Permanent Secretary, in a submission to the Minister (25 February 2020), stated that he could not approve the OBC on a value for money basis.

³ Christian Brothers Grammar School, Loreto Grammar School, Omagh Academy Grammar School, Omagh High School, Sacred Heart College and the Arvalee Special School and Resource Centre.

⁴ Originally launched as the Lisanelly Shared Education Campus in 2012 the project's name was changed in 2015 to the Strule Shared Education Campus following community and pupil consultation.

At that time the Minister indicated that while he was inclined to issue a Ministerial Direction for the project to proceed, he wished to wait until there was confirmation regarding budgetary flexibility in the Fresh Start Agreement funding. HM Treasury subsequently confirmed that any underspend of Fresh Start programme funding could be reprofiled across the remaining six years of the programme (until 2025-26) and that Fresh Start capital funds could be used for SSEC.

In August 2020, the Minister agreed to discontinue the existing procurement competition and discuss with Executive colleagues his intention to issue a Ministerial Direction to enable SSEC to proceed. On 17 September 2020 the Executive approved the Minister of Education's proposal to issue a Ministerial Direction to invest a further £181 million of funding for the SSEC programme costs. This was in addition to the £45 million spend which had already been incurred at that time.

The procurement competition was formally discontinued on 18 March 2021, and shortly afterwards, on 31 March 2021, the OBC2 addendum expired. Consequently, the project had no approval to incur any further construction-related expenditure.

In July 2021, the Permanent Secretary sought and received a Ministerial Direction to invest up to a further £182 million in the SSEC. The Ministerial Direction was to enable market engagement to progress. No commitments were to be entered into or liabilities were to be incurred. In the Ministerial Direction, the Minister acknowledged that when considered solely from a value for money perspective, the economic arguments would not support the further progression of SSEC, due to the higher-than-average cost. This stemmed from five key areas of concern:

- building capacity;
- building size/area;
- cost;
- benefits; and
- the level of contingency.

The Minister recognised that the lack of a precedent by which to benchmark costs had led to economic analyses being made against costs for constructing standalone schools. Additionally, as the majority of SSEC benefits are to be educational, community or societal and therefore non-monetary, this further complicated the value for money analysis. The Ministerial Direction to proceed required that as the programme progresses, DE would review at key points before proceeding to the next stage and Ministerial approval would be sought as necessary.

DE commenced a new Main Works Construction procurement with the publication of the opportunity on 13 December 2021. Construction was planned to complete in early 2026, with full campus opening planned for September 2026. This has subsequently been revised again and is now planned for September 2027. This is against an original target for full campus 'go-live' in 2020, which was subsequently revised to September 2023 and at the time of our 2019 report, the working assumption for a further revision to the campus completion date was 2024.

The procurement was an 'open procedure', a single stage process allowing any supplier to submit a tender. The ITT closed on 26 September 2022 with one tender having been received. The tenderer was assessed for the tenderer's capacity and capability, along with evaluation of the tender completeness and compliance with the conditions of the ITT documentation. On the basis of the tender evaluation, the Department considered the tender unacceptable as the price exceeded its budget. It then entered a 'Competitive Procedure with Negotiation' (CPN)⁵, which provides an opportunity to examine in more detail the price structure of the tender return and enter negotiation in order to seek to improve the tender offer. Negotiations have concluded and a revised Final Tender submission was received on 12 October 2023. Costs are now estimated to be £366 million.

On the 13 December 2023, the independent panel established by the Education Minister in September 2021 to undertake a review of education published its report Investing in a Better Future: The Independent Review of Education in Northern Ireland. The panel concluded that the "Strule shared education campus is ... a project where the benefits do not come close to justifying the cost of the project" (volume 1, paragraph 10.36). The panel recommended "the immediate ending of the Strule programme and the transfer of Fresh Start resources to other education projects that in the current circumstances could not be funded from DE's inadequate capital budget" (volume 1, paragraph 10.38).

DE is considering all the findings and recommendations of the Review and told us it has concerns about factual inaccuracies relating to Strule. The FBC for the campus, which is well progressed, will evaluate the benefits and costs of the programme in detail and provide a sound basis to inform future investment decisions. To proceed further, to the Main Works contract, the project will require approval and if it is deemed that the project does not demonstrate value for money it will require a Ministerial Direction to proceed. Subject to the necessary approvals and funding being in place, contract award could potentially take place during May 2024.

The status of the other four discrete areas within the overall project to be progressed (projects 3, 4, 5 and 6) is summarised below.

Project 3 – Campus Governance, Funding and Management / Vacated sites: The Department has taken forward a rapid review of the arrangements for ownership, governance, funding and management of the campus as part of the work on the FBC.

Project 4 – Campus Education Model: The EA has worked closely with the schools to develop curriculum models for education provision on the campus which will support the FBC.

Project 5 – Co-ordinated Services/Gateway building: sufficient need for the building was not demonstrated and the project was closed in 2016.

Project 6 – Vacated Sites: vacated sites action plan being revisited.

Delays to the SSEC is recognised by the Department as one of its key corporate risks and it is included on the Departmental Corporate Risk Register. Any risks significant to the

Department's delivery of its core business, including new risks arising, are considered and monitored by the Departmental Board and its Audit and Risk Assurance Committee. The Departmental Board and the Audit and Risk Assurance Committee receive regular updates on SSEC.

Source: NIAO summary of information provided by the Department of Education

Conclusion

2.15

The delays and cost overruns identified in our 2019 report persist. We recognise that project delivery problems are not unique to Northern Ireland, and significant issues such as legal challenges, planning issues and funding uncertainty continue. However, it is extremely disappointing that only one of the flagship projects announced by the Executive in 2015, which had protected budgets for a five-year period, has been fully completed, and the other four projects which featured in our case studies have continued to experience increased costs and delays.

Part Three:

**The major
capital projects
portfolio in
Northern
Ireland
government
departments**

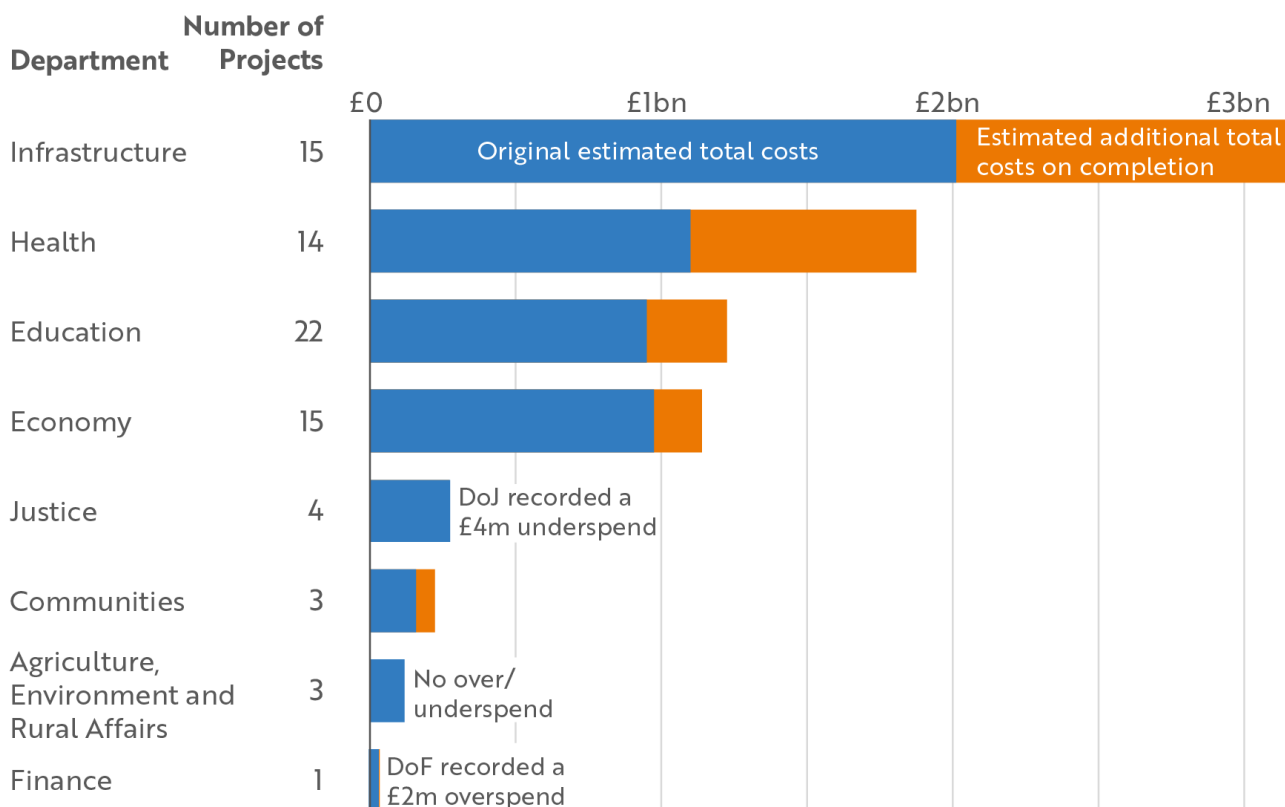
There were 77 projects in the major capital projects portfolio over the period April 2019 to August 2023 with a combined estimated cost on completion of £8.08 billion

- 3.1** We followed a similar approach to that used in our 2019 report to compile an update of the major capital projects portfolio for the period April 2019 to August 2023. We used information provided by the DoF Supply Division on projects which received budget approval of over £25 million between April 2019 to August 2023, and added projects previously identified in our 2019 report that had not been completed by April 2019. The portfolio presented at **Appendix 4A** focuses on major construction projects and excludes projects that are predominantly IT in nature, programmes, grant schemes and housing association projects.
- 3.2** The major capital projects portfolio, verified by departments, contains details of 77 projects with the combined cost at their original approval of £5.63 billion (see **Figure 6** and **Appendix 4A**). Current estimated costs on completion are now £8.08 billion, an increase of £2.45 billion on the original approved costs. The increase in the estimated final cost is the outcome of an estimated overspend of approximately £2.50 billion in 47 of the projects and an estimated underspend of £42 million in 11 projects. Of the 47 projects estimated to cost more than the original OBC figure (including 23 projects which were approved since April 2019 (**Appendix 4B**)), it is also estimated 41 of those projects either did not or will not meet their target completion dates. Only 9 of the 77 projects are currently expected to meet both their original time and cost estimates.
- 3.3** The three projects with the largest projected overspend account for some £1.47 billion (60 per cent) of the portfolio's total estimated overspend – the projects are: the A5, at £901 million forecast overspend and projected to be almost 10 years overdue; the Regional Children's Hospital, at £367 million forecast overspend and projected to be over 8 years overdue; and the Strule Shared Education Campus, at £197 million forecast overspend and projected to be 7 years overdue. The portfolio also comprises a number of projects whose completion dates have been revised and delayed by a number of years while the estimated final costs have remained unchanged.

Over a third of the major capital projects, by value, are the responsibility of DfI

- 3.4** Over the four-and-a-half-year period to August 2023, DfI was responsible for the largest value of projects (£3.18 billion). In terms of the number of projects, DE managed 22 projects, the largest number of projects (see **Figure 6**).

Figure 6: Departments Major Capital Projects portfolios, for the period 1 April 2019 to 31 August 2023



Source: NIAO summary of information provided by departments at Appendix 4

3.5 The DfI portfolio (**Appendix 4A**) includes three of the Flagship projects, the A5 (**Case Study 1**) and A6 (**Case Study 2**) road projects and the Belfast Transport Hub (**Case Study 4**) with a combined estimated final cost of some £2.70 billion (85 per cent of DfI's £3.18 billion portfolio). The remainder of the portfolio is mostly Translink projects. DfI's fourth Flagship project, Belfast Rapid Transit (**Case Study 3**), was completed in September 2018 and therefore is not part of the current portfolio set out in **Appendix 4A**.

3.6 The DoH portfolio (**Appendix 4A**) includes two of the Flagship projects, the Maternity and Childrens' Hospital (**Case Studies 5A and 5B**) and the NIFRS Learning and Development Centre [as amended from the original Flagship] (**Case Study 8**) with a combined expected final cost of £738 million (39 per cent of the £1.88 billion expected final portfolio cost). Almost all of the DoH capital funds are spent by its arm's length bodies, primarily its five health and social care trusts (HSC Trusts). The progress of the Critical Care Centre and Lisburn and Newry Primary and Community Care Centres, part of the South Eastern and Southern HSC Trusts respectively, are summarised in **Case Study 6** and in **Case Study 7**.

- 3.7** The DfE portfolio (**Appendix 4A**) comprises: an energy project; three projects in the Further Education sector, including the Southern Regional College Armagh Campus (see **paragraph 3.9**); four projects in the Higher Education sector, including the Ulster University Greater Belfast Development (**Case Study 10**); and seven projects in the Belfast City Region Deal (**paragraph 1.19, Footnote 1**).
- 3.8** The DE portfolio entirely comprises school projects, the largest being the Strule Shared Education Campus (**Case Study 11**) with an expected final cost of £366 million, approximately one third (30 per cent) of the total estimated final cost of DE's £1.23 billion portfolio (**Appendix 4A**).

Some projects in the major capital portfolio have been completed on time and within budget since our 2019 report

- 3.9** As noted at **paragraph 3.2**, many of the projects set out in **Appendix 4A** have suffered time delays and cost overruns, however we recognise that a small number of projects completed over the period 2019-2023 were delivered on time and within budget. The Southern Regional College (SRC) Estates Project aims to replace buildings that are not fit for purpose and rationalise the six campuses that SRC previously operated from. The project consists of three new building projects, located at existing campuses at Armagh and Banbridge as well as a new campus at Craigavon, to replace the existing campuses at Lurgan and Portadown. Whilst the Craigavon campus has been delayed and is now being reviewed, following a Court of Appeal ruling which overturned the decision by Armagh, Banbridge and Craigavon Borough Council to grant planning permission, the Armagh campus was completed within budget and within two weeks of the original estimated completion date. The new 14,000 square metre campus was completed in March 2020 and opened for its first cohort in September 2020, at a cost of £33.3 million (see **Case Study 12**).



Case Study 12: Southern Regional College Armagh Campus

SRC Armagh Campus

An OBC for an estates project at SRC was approved in August 2014. The preferred option under the OBC was the development of new build campuses on the existing Armagh and Banbridge sites, and the consolidation of the Lurgan and Portadown campuses on a new site in Craigavon.

Provision in Armagh was previously provided across four separate sites, and the aim of the project was to consolidate this into one central site. The largest of SRC's existing sites, at Lonsdale Road, was identified as the most suitable site for a 14,092m² replacement new build for a variety of reasons, including its central location and size. The anticipated construction cost under the OBC was £22.0 million, however underestimated project costs were rectified with an addendum to the OBC which increased approved construction costs to £26.0 million. Overall project cost for the Armagh campus under the OBC addendum, including wider project costs such as: fit-out, ICT fees, CPD fees, and statutory approvals was £33.4 million.

Planning permission for the project was received in April 2017 and following a tendering exercise a contract of £23.2 million was awarded in November 2017. DfE told us that the reduction in costs from the OBC addendum (as well as a pre-tender estimate of £25.2 million) was ascribed to market confidence in the works information and the level of design completed and provided in the tender documentation. Construction began in March 2018 and was completed in March 2020, within two weeks of the original targeted completion date.

Construction was completed at a cost of £24.9 million. This included additional spend of £1.7 million on unforeseen and implemented changes (including £0.3 million which was required during the preconstruction stage for asbestos removal) on top of the £23.2 million contract awarded.

The total cost of the project was £0.1 million under budget at £33.3 million.

As part of the OBC, SRC identified nine targeted benefits that the estates project would deliver and developed a tracker to monitor progress against the targets. Targeted benefits included improving levels of student and staff satisfaction with facilities by at least 10 per cent and reducing duplication of resources across estate buildings by at least 15 per cent. DfE told us that except for three targeted benefits which were directly impacted by the COVID-19 pandemic, the Armagh campus project achieved its targeted benefits.

We asked DfE to identify areas of success that may have merit in being adopted elsewhere on significant infrastructure projects, with highlights being:

- DfE commenced discussions with SIB at the project initiation stage;

- Strong project governance and decision-making arrangements, with formal roles and delegated limits established incorporating the involvement of the key stakeholders such as DfE and the College's Senior Management Team. Arrangements were supported by the appointment of a Project Director through SIB at an early stage in September 2015;
- Stakeholder engagement, with structured involvement of representatives from SRC (the end users), the project managers and construction lead at key design and construction stages;
- Effective financial management was also demonstrated on the project, with profiled spend during the project aligning closely to initial forecasts developed by the project manager and construction lead;
- The effective implementation of collaborative digital workstreams throughout the design and construction of the project (with ongoing benefits for facilities management), implementing Building Information Modelling Level 2 through the use of shared 3D models and asset information; and
- The development of specific protocols for managing contractor performance by SRC, which resulted in a consistent improvement in service delivery by both the Integrated Consultancy Team and the main contractors during the project.

Source: NIAO summary of information provided by the Department for the Economy

Conclusion

- 3.10** In addition to the projects examined as case studies in **Part Two**, a significant proportion of all projects managed by departments in the period from 1 April 2019 to 31 August 2023, have experienced increases in the original estimated costs and/or changes in the estimated completion dates. More still needs to be done to identify and address the causes of delay and cost overruns and significantly improve the delivery of major capital projects in Northern Ireland.

Part Four:

**Progress on
implementing
previous
recommendations
to improve the
delivery of major
capital projects**

4.1 In our previous report, and the subsequent PAC report, a number of recommendations were made which identified the need for changes in three key areas:

- improvement in accountability mechanisms for the delivery of major capital projects;
- improved, less complicated commissioning and delivery mechanisms; and
- departments to fully consider and plan for project risks and engage adequately with relevant stakeholders.

4.2 In this part of the report we consider the progress made to address some of the key issues raised. Some of the issues previously identified have featured in separate recent reports including Planning in Northern Ireland, Public Procurement in Northern Ireland and The Judicial Review Process in Northern Ireland. Further detail on the progress made against each of the recommendations arising from our 2019 report on Major Capital Projects and the subsequent report by the PAC in 2020 is included at **Appendix 1**.

The HOCS continues to sit outside the chain of public accountability in Northern Ireland

4.3 In Northern Ireland, unlike in Scotland or Wales, the Head of the Civil Service (HOCS) does not hold the designation of principal accounting officer and therefore, sits outside the chain of public accountability. The PAC recommended that this must change going forward and that accountability for delivery needed to be sharpened at the top of the civil service. The PAC also expected the HOCS to show leadership by taking a much more proactive role in monitoring delivery of public sector projects, challenging departments where performance is not in line with approved plans.

4.4 Whilst it was acknowledged that improvement was needed in the delivery of major capital projects and that accountability for delivery should be strengthened, in Northern Ireland, each department is a separate legal entity under the direction of their own Minister, who is accountable to the Assembly. Scotland and Wales operate under a different constitutional position, in that they have collective Ministers and no separate departmental corporations. In the Executive's response to the PAC report, it commented that significant changes to legislation would be required to change the role of the HOCS to mirror the equivalent role in Scotland and Wales, and questioned what authority the HOCS could exert over departments that are separate legal entities. We were told that the recommendation to revise the role of the HOCS in Northern Ireland to mirror the role in Scotland and Wales was brought to the attention of the full Executive, including the First Minister and Deputy First Minister for consideration. It remains the case that in Northern Ireland the HOCS is not the principal accounting officer and continues to be limited in her ability to challenge departments' performance in delivering major capital projects.

There is no single oversight body or independent advisory body with responsibility for the central monitoring of major capital projects, however the NICS Board does now receive progress reports

- 4.5** Unlike other jurisdictions, in Northern Ireland there is no single oversight body responsible for monitoring delivery of major capital projects. The PAC commented that, in its view, there is a need for central monitoring and challenge to bring more transparency and accountability to critical areas of spend. The Executive did not agree to the appointment of a single oversight body as in its view, such a body could undermine individual departments' accountability and responsibility and could also undermine the role of the CoPEs. It did, however, agree to regular progress reporting to the NICS Board. This commenced in June 2022, with progress reports being brought to the NICS Board every six months.
- 4.6** The NICS Board provides strategic leadership to the work of the NICS in support of the Northern Ireland Executive. Membership of the Board comprises the HOCS, the nine Departmental Permanent Secretaries, the First Legislative Counsel, the Departmental Solicitor and, from February 2023, three new independent non-executive members. Scrutiny, challenge and accountability for the delivery of capital projects rests with individual Senior Responsible Officers (SROs) and their Accounting Officers, not the NICS Board. However, the NICS Board has a role in discussing and agreeing on a collective approach on cross-departmental and system wide operational or governance issues. This new reporting mechanism to the NICS Board has the potential to increase transparency and to identify common themes which are causing delays to the delivery of projects. These new arrangements are still in their infancy, and as such it remains to be seen what impact they will have. Whilst we recognise the roles and responsibilities of individual accounting officers, we strongly encourage the NICS Board members to use their skills and experience to scrutinise and question the information presented to them and work collaboratively to ensure action is taken to manage and address significant issues.
- 4.7** Since our previous report, a Ministerial Advisory Panel on Infrastructure was established in August 2020 to consider how to support more effectively the long-term planning and development of relevant infrastructure. The Ministerial Advisory Panel reported in October 2020 and concluded that our infrastructure is not delivering for our people as a result of the systemic weaknesses of the wider governance and delivery structure, which is too fragmented and lacks a long-term strategic view. The Ministerial Advisory Panel recommended the establishment of an independent Infrastructure Commission for Northern Ireland and the Executive made a commitment to this in its Covid Recovery Plan. We were told that, at the time the Executive collapsed, work was still ongoing to determine the precise remit of an Infrastructure Commission and its relationship with the Executive, departments and SIB.

Infrastructure 2050, the draft Investment Strategy for Northern Ireland, sets out the proposed accountability and oversight structures

4.8 The draft ISNI, approved by the Executive in December 2021, includes a section on 'Accountability and Oversight' setting out proposed governance arrangements for the monitoring of ISNI including the Medium-Term Investment Plan. The structures include:

- Strategic oversight by the Executive;
- ISNI Programme Board – per the draft ISNI this will be the NICS Board;
- Departments and related public bodies;
- Senior Officials Group – including senior officers from all key infrastructure departments and SIB;
- SIB; and
- The Infrastructure Commission.

4.9 It places an increased focus on successful delivery of capital projects and programmes contained within the 10 Year Investment Plan. One of the objectives is to provide evidence-based information and advice to monitor and manage progress of delivery and includes proposals to provide reports to the Executive and NICS Board with analysis of progress and identification of issues, risks and mitigations. As noted at **paragraph 1.14** the ISNI remains in draft form.

Overcomplicated commissioning and delivery mechanisms remain in place in Northern Ireland

4.10 In our previous report we highlighted that the governance and delivery structures within the Northern Ireland public sector are not conducive to maximising the achievement of value for money. At that time a series of reviews of the roles of the Procurement Board, CPD, SIB and commissioning entities had highlighted that the commissioning and delivery arrangements in Northern Ireland were not fit for purpose and identified the need to:

- Eliminate unnecessary 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.

We fully endorsed these recommendations and recommended that the potential benefits of alternative commissioning and delivery models be fully explored as a matter of urgency. This was also recommended by the PAC.

4.11 However, there is little evidence of change. Key stakeholders have expressed frustration and disappointment with the perceived reluctance to embrace change. Failure to make fundamental reforms to the commissioning and delivery system for major capital projects is enabling the substantial cost and time overruns identified in this report to continue and is impacting on the quality of public services provided to citizens throughout Northern Ireland.

Monitoring and reporting arrangements within individual departments have improved since 2019

4.12 In addition to the reporting arrangements to the NICS Board (see **paragraphs 4.5 – 4.6**) we sought details from all departments on their internal reporting arrangements for major capital projects to the Accounting Officer and/or the Departmental Board. Whilst all departments told us there is now more regular scrutiny of major capital projects from individual Accounting Officers, the frequency and nature of internal reporting arrangements varied across departments, with some providing quarterly updates and others providing annual reports. Revised policy and guidance on best practice in project delivery has included the establishment of Departmental Portfolio, Programme and Project offices (P3Os). P3Os are intended to ensure visibility, and provide support for governance, oversight and reporting on programme/project delivery and assurance. A P3O Forum was established in February 2021 to assist departments to share best practice, develop learning, support the project delivery function and to strengthen reporting. The P3O Forum meets twice a year and all departments attend. The DoF Commercial Delivery Group (CDG) chairs the forum. Other examples of improved monitoring and reporting arrangements reported to us included:

- The use of reporting tools including Programme and Project Dashboards;
- The establishment of a Project Managers Forum within a department to promote collaboration and share best practice across the department; and
- Gateway Reviews being shared with the Accounting Officer once completed.

Work is ongoing to understand the causes of delay and cost overruns

4.13 In September 2021 the Procurement Board agreed to undertake an exercise to identify the root causes of delays and overruns in the 54 projects included in Appendix 4 to our 2019 report. This work is being undertaken by SIB and is nearing completion. In our view this work will play an important part in understanding the persistent challenges in the delivery of major capital projects. The action taken by departments to learn from and address those findings has the potential to improve the efficiency and effectiveness of the system for the planning and delivery of major capital projects.

Capacity and capability issues remain a risk to the successful delivery of major capital projects

4.14 As noted in **Figure 1**, departments rely on the specialist skills and specific market knowledge of CoPEs. The delivery of major capital projects involves staff from both the commissioning authority and the CoPE. Suitably qualified staff are therefore needed in both the commissioning authorities and the CoPEs. Our Capacity and Capability report noted that many specialist activities in the NICS, such as project management and contract management, are carried out by general service staff without specific skills or qualifications. The report concluded that more needs to be done to prioritise the identification and development of the skills, knowledge and experience which are key to the delivery of modern public services.

- 4.15** In response to reports highlighting capacity and capability issues within the NICS, DoF established a Commercial Delivery Group (CDG). The CDG is charged with improving commercial practice both within DoF and across the wider NICS. The CDG is currently the main vehicle by which the NICS is attempting to address the issues in this area by driving commercial improvement across the NICS as a whole. The CDG is working to develop the NICS Project Delivery Profession and signpost project and contract management staff to training and development opportunities.
- 4.16** Whilst these developments are welcomed, some stakeholders continue to express concerns that staff are lacking depth of experience and that skills gaps are wider than project management, commenting that a lack of expertise at early stages impacts on project specifications, costings and timetables (see also **paragraphs 4.17-4.18**). Issues remain, particularly in respect of the ability of public bodies to recruit and retain key skills both within the NICS as a whole but also within project teams over the life of a project. DoF has looked to other jurisdictions for the latest thinking in incentivising staff to see long-term projects through, and work remains ongoing.

The business case process has been streamlined however we remain concerned at the accuracy of outline business cases

- 4.17** Concerns were previously raised over the accuracy of outline business cases and the number of major capital projects that were subject to scope and design changes and/or experienced cost overruns. The former 10-step business case model has been reviewed by DoF and a new five-case model was launched on 2 November 2020, along with Better Business Cases Northern Ireland guidance. The five-case model is the HM Treasury best practice approach to the development of business cases. One of the core drivers behind the introduction of the new approach was to ensure the correct expertise was used throughout the business case process. DoF has completed an initial evaluation of the rollout of Better Business Cases NI, including a high-level assessment of the use of the five-case model in Northern Ireland. It found, in relation to specialists' involvement, the absence in some business cases of an indication as to which specialist advice was involved or an explanation as to why they did not consider it necessary. While DoF concluded that the initial evaluation was reasonably positive, with departments largely complying with the required steps, it made a number of recommendations including: that departments ensure all of the key documentation is provided when submitting business cases to DoF; that specialist advice is well documented; and that departments should ensure the DoF Supply pro forma is fully completed in terms of specialist advice. We note that only a small sample of OBCs had been considered and a bigger sample is to be included in the final review to be undertaken in 2024.
- 4.18** We welcome the efforts to streamline the business case process however based on the information provided by departments at **Appendix 4A**, we remain concerned about the accuracy and reliability of the OBCs, with many of the costs and dates included in OBCs for projects changing. One department told us that financial constraints limit the extent of design work that can be undertaken at an early stage resulting in unrealistic options and timeframes being presented in OBCs. Another department commented that OBCs are developed and approved with no certainty of funding, however it is now focused on only taking forward funded projects and this should greatly improve the accuracy of the costs and dates included within the OBC. The early design phases of projects must be more robust and it is essential that the right people, with the right skills, and reasonable certainty of funding are in place from the outset of a project.

Recommendations to improve the planning of major capital projects, including early engagement, were positively received

- 4.19** The PAC concluded that many of the issues resulting in cost overruns and time delays could have been reduced if, at the outset of projects, departments had fully considered, and planned for, project risks and engaged adequately with planners, local communities and special interest groups. Recommendations included: the need for expert advice to be sought, and acted upon, at the outset of projects; more time to be spent at the outset identifying potential barriers to securing planning permission, including early departmental engagement with planners; and that revised procedures be introduced across departments to ensure that effective community engagement, mitigating concerns where possible, is completed prior to progressing projects.
- 4.20** The action taken to implement these recommendations centred on: reviewing the SRO appointment letter and including a responsibility for the SRO to ensure the project/ programme is resourced with appropriate skills and expert advice (however note comments at **paragraphs 4.16 and 4.18**); ensuring that planning is included in issues logs/risk registers and managed effectively; and making community engagement a key requirement. The revised SRO letter was issued on 16 September 2021, with further revisions in November 2023 (DoF DAO 05/23).
- 4.21** DoF also committed to bringing forward a Scoring Social Value Policy (PPN 01/21), which became effective from 1 June 2022, and requires that services and works tenders must allocate a minimum of 10 per cent of the total award criteria to social value. As per the policy, *“social value refers to wider financial and non-financial impacts on the wellbeing of individuals, communities and the environment.”* The policy recommends that *“Departments consult with communities affected by the procurement and with potential suppliers to identify the most feasible and beneficial way to promote social value”* but this is only part of the work required to obtain a social licence for a project. It remains the case that government needs to do more to gain a social licence for major capital projects if it is to reduce the risks of Judicial Review.
- 4.22** Throughout this review departments shared some examples of how they are working to improve the commissioning and delivery of major capital projects, including collaborating and sharing learning. These are set out below. We encourage departments to ensure that the importance of effective collaboration with key stakeholders is recognised at an early stage of the project and continues throughout project delivery.

Examples of arrangements to share lessons and try to improve the planning of capital projects

DE told us that, in conjunction with the Education Authority, it meets the Construction Employers Federation and the Construction Professional Council three times per year to discuss its programme of work and engage on current issues including discussions on alternative procurement methods and how carbon reduction requirements could be included in tender documents. DE also advised that it engages regularly with local councils to raise awareness of its work programme and the opportunities for working together, for example to enhance community planning.

DfI told us that on each of its major roads / transport projects, the Major Project teams engage consultants, through the Department's Major Works Consultancy Services Framework, to assist the Department in project development and delivery. DfI's Transport and Asset Management also meets regularly with various industry bodies to discuss its programme of work and engage on current issues.

DoH told us its Health Estates Directorate, which has the function of Centre of Specialist Expertise and Centre of Procurement Expertise (CoPE), meets regularly with other construction CoPEs across NI and maintains contact with professional colleagues in NHS England, devolved nations, Republic of Ireland and the European Health Care Network. Matters discussed include the procurement and delivery of the healthcare estate.

In DAERA, the SRO for the Animal Health Science Building project continues to liaise with DfE on plans for the new building to meet high environmental standards and adopt the most effective energy sources, and to ensure that its projects benefit from shared learning from other projects.

DfC told us its Housing Urban Regeneration and Local Authorities Group engages with local councils and other departments to work collaboratively to share expertise within capital projects.

Source: NIAO summary of departmental responses

Conclusion

- 4.23** Action has been taken, or is ongoing, to address many of the recommendations previously raised, however some have not progressed in the manner anticipated by the PAC. Major capital projects are complex and run over the course of several years and, as such, it may take time to fully assess the impact of the actions that have been taken to improve delivery in Northern Ireland. In our view, the work being undertaken by SIB to identify root causes of the delays will play an important part in understanding the issues faced by departments. The subsequent action taken by departments, to address and mitigate those issues will be an important step in improving project delivery
- 4.24** Over the past ten years a series of reviews have highlighted significant weaknesses in the commissioning and delivery system for major capital projects in Northern Ireland. Given the persistent cost and time overruns identified in **Part Two** and **Part Three** of this report, fundamental reforms to the commissioning and delivery system for major capital projects must be implemented to ensure value for money is achieved and public services are improved.



Recommendation

Fundamental reforms to the commissioning and delivery system for major capital projects must be implemented to ensure value for money is achieved and public services are improved. To drive change and ensure delivery we urgently recommend the establishment of a comprehensive transformation project including the development of a clear framework to ensure accountability and delivery of major capital projects in Northern Ireland. This should include:

- Revisiting the recommendations from the previous reviews by SIB, the Confederation of British Industry and the Organisation for Economic Co-operation and Development. Where those recommendations have the potential to bring about improvements in the commissioning and delivery of major capital projects, they must be implemented without further delay;
- Understanding in detail the issues besetting the delivery of these major capital projects as informed by the root cause work of SIB. The action taken to address and mitigate these issues will be an important step in improving project delivery;
- Full consideration of alternative, delivery models, resourced with appropriately skilled staff; and
- The roles and responsibilities of all bodies involved in the commissioning and delivery of major capital projects must be reviewed, clarified and streamlined.

Appendices

Appendix 1: Implementation of the recommendations from the Public Accounts Committee (PAC) 2020 report and the Audit Office 2019 report on major capital projects (paragraphs 2, 1.2 and 4.2)

PAC recommendations have been grouped under three themes: improving accountability for delivery of major capital projects; improving commissioning and delivery arrangements; and improving the planning of major capital projects.

The formal Memorandum of Reply from the Department of Finance (June 2021) is available at <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/mor-2nd-report-1722.pdf>. The Memorandum of Reply presents the Executive's response to the PAC recommendations and the response was cleared by the full Executive.

Ref.	PAC recommendation	Progress to date
Theme - Improving accountability for delivery of major capital projects		
1	<p>The Committee believes that, in line with arrangements in Scotland and Wales, the HOCS in Northern Ireland should have personal responsibility for the propriety and regularity of all government finance and the economic, efficient and effective use of related resources. It is not acceptable that in Northern Ireland, the HOCS sits outside the formal chain of public accountability.</p> <p>The Committee strongly recommends that the role of the Northern Ireland HOCS is revised to mirror the role in Scotland and Wales.</p>	<p>This recommendation was noted. It has not been implemented.</p> <p>See paragraph 4.3-4.4 for further details.</p>
2	<p>The current arrangements, where projects are the sole responsibility of individual Accounting Officers, and leads to silo working with no joined-up thinking. In the interest of the public purse this practice must end to ensure better value for money.</p> <p>The Committee recommends that action is taken to strengthen accountability for delivering major capital projects across the public sector. The Committee expects the Head of Civil Service to show leadership by taking a much more proactive role in monitoring delivery of public sector projects, challenging departments where performance is not in line with approved plans. The Committee believes that this, together with more regular scrutiny from individual Accounting Officers, will help improve major capital project delivery.</p>	<p>This recommendation was accepted, however the Memorandum of Reply drew attention to the legislative arrangements whereby responsibility for delivery of major capital projects rests with individual departments, their Accounting Officers and Ministers, with Ministers then accountable to the Assembly. See paragraph 4.4.</p> <p>See paragraph 4.8 for the proposed accountability and oversight structures set out in Infrastructure 2050, the draft Investment Strategy for Northern Ireland. See also paragraph 4.12 for details of improvements in monitoring and reporting arrangements within individual Departments.</p>

Ref.	PAC recommendation	Progress to date
3	<p>Construction and Procurement Delivery (CPD) is an important player in securing effective delivery of major capital projects. Given this, the Committee was shocked to discover that the Accounting Officer of DoF did not have a suite of performance indicators in place to measure performance.</p> <p>The Committee recommends that swift action is taken to reintroduce SMART targets for CPD with immediate effect. Performance against these targets should be publicly reported annually.</p>	<p>This recommendation was accepted.</p> <p>KPIs for 2021-22 and 2022-23 were prepared and published on the DoF website.</p> <p>https://www.finance-ni.gov.uk/publications/construction-procurement-delivery-cpd-key-performance-indicators-kpis</p>
4	<p>The Committee considers that overall responsibility for monitoring delivery of major capital projects should sit with the Northern Ireland Civil Service Board. This is in line with other United Kingdom jurisdictions.</p> <p>The Committee recommends that membership of the Northern Ireland Civil Service Board is revised so that top quality non-executives (with a commercial background) sit alongside NICS Permanent Secretaries. Further it recommends that progress on major capital projects features more prominently on the agenda of the NICS Board.</p>	<p>This recommendation was accepted in principle however it was again highlighted that the responsibility for delivery of capital projects rests with individual departments (see recommendation 2).</p> <p>See paragraphs 4.5 and 4.6 for details of reporting arrangements now in place to the NICS Board and the membership of the NICS Board which since February 2023 includes three non-executive members.</p>
6	<p>Unlike other jurisdictions, in Northern Ireland there is no single oversight body responsible for monitoring delivery of major capital projects, not even the Executive's highest priority flagship projects.</p> <p>The Committee recommends that serious consideration is given to appointing a single oversight body or creating an independent advisory body with responsibility for central monitoring of major capital projects.</p>	<p>This recommendation was noted. It remains the case that there is no single oversight body or independent advisory body with responsibility for the central monitoring of major capital projects. Whilst the NICS Board does now receive progress reports, DoF told us that scrutiny, challenge and accountability for the delivery of capital projects rests with individual Senior Responsible Officers and their Accounting Officers, not the NICS Board. These new arrangements are still in their infancy, and it remains to be seen what impact reporting to the NICS Board will have.</p> <p>Work to establish an independent Infrastructure Commission for Northern Ireland stalled in the absence of an Assembly.</p> <p>See paragraphs 4.5-4.6.</p>

Ref.	PAC recommendation	Progress to date
7	<p>The Committee agrees that departments need to have the right people with the right skills in place and welcomes the issue of new guidance from DoF on the appointment of Senior Responsible Officers and plans to upskill staff to become professional project managers who can move from one department to another to manage projects as they arise. The Committee expects that, with qualified and experienced project managers in place throughout the life of large departmental projects, operating under the terms of a formal letter of appointment, departmental staff appraisals will more accurately reflect an individual's performance in delivering projects on time and within budget.</p> <p>The Committee recommends that the NICS looks to other jurisdictions, e.g Whitehall, for the latest thinking in incentivising staff to see long term projects through. The Committee recommends that the SIB ensures that it attracts the most capable experts and that secondment of these staff is always considered to strengthen project teams.</p>	<p>This recommendation was accepted by DoF. The Strategic Investment Board (SIB) also accepted the part of the recommendation that is relevant to its business. In the MoR it responded that it will seek to continue to ensure that it attracts the most capable experts and that such expertise is provided to departments to strengthen project teams. SIB will always respond positively to departments' requests and requirements and is happy to consider secondments from other jurisdictions.</p> <p>NICSHR engaged with GB Civil Service on the matter and work is to be consolidated with actions on pay flexibility recommended by NIAO's Capacity and Capability report.</p> <p>Departments told us that Portfolio, Programme and Project Offices (P3O) or equivalent have been established to provide business support functions to project managers and SROs and monitor and report progress. Various departments described arrangements to ensure they had appropriate staff in place, e.g. some referred to having CPD professionals co-located within the department; procuring Integrated Consultant teams; utilising SIB staff; and departments generally reported that staff annual reports reflect delivery against objectives in support of directorate/departmental business plan.</p> <p>Work is also ongoing to develop the NICS Project Delivery Profession and provide training for Project and Contract Management staff. However, some stakeholders have continued to express concerns and work is ongoing. See paragraphs 4.14 – 4.16.</p>

Ref.	PAC recommendation	Progress to date
8	<p>The Committee is aware that the Independent Inquiry into the non-domestic Renewable Heat Incentive (RHI) Scheme concluded that aspects of the departmental business case were “incomplete, incorrect or misleading”. The Committee has concerns over the “accuracy, preciseness and efficiency of outline business cases” and was shocked at the number of major projects examined which were subject to scope and design changes and/or experienced cost overruns. DoF explained that the old, overcomplicated, 10-step business case model has been reviewed and a new, streamlined five-step business case approach, used internationally and adopted across England, Scotland and Wales, became effective from 1 April 2020.</p> <p>The revision to the existing process is welcomed but the Committee will reserve judgement on the success of the new approach until it can be demonstrated that business cases are more soundly based. The Committee recommends that DoF review the impact of the new process within the next 18 months and expects to hear the results of that review.</p>	<p>This recommendation was accepted. See paragraphs 4.17 and 4.18 for details of ongoing work.</p>
Theme – Improving commissioning and delivery mechanisms		
5	<p>The Committee considers that the existing arrangements for commissioning and delivering major capital projects are over complicated.</p> <p>The Committee recommends that the public sector, as a matter of urgency, undertakes a further review of procurement arrangements to assess the extent to which alternative structures could improve project delivery. The Committee also recommends that departments are encouraged to make increased use of standardised procurement approaches and standard contracts with few bespoke clauses as a means of reducing public sector and bidder costs.</p>	<p>This recommendation was accepted. A subgroup of the Procurement Board was set up to consider this recommendation however, the existing arrangements for commissioning and delivering major capital projects have not changed since our last report in 2019. See paragraphs 4.10 and 4.11.</p> <p>The Procurement Board agreed to a data collection exercise to identify the root causes of delays and cost overruns in projects. See paragraph 4.13 for further details.</p> <p>We have made a further recommendation in this area.</p> <p>Work has been completed on the use of a standard form of contract (NEC 4) including for the use of additional clauses and risk allocation in contracts. A draft Procurement Policy Note was approved by the Procurement Board in February 2022 and is awaiting Executive approval.</p>

Ref.	PAC recommendation	Progress to date
9	<p>The Department for Infrastructure (DfI) accepts that there is much room for improvement in the current planning system, which is just over four years old, and told the Committee that is encouraging learning and the sharing of experiences across local councils. In addition, DfI has recently set up a cross-government planning forum which will meet regularly to ensure better co-ordination and management of the way in which statutory consultees play their part in the planning system.</p> <p>Given the scale of delays and costs which can arise during the process of securing planning permission, the Committee recommends that DfI takes immediate steps to simplify and improve the process.</p>	<p>DfI accepted the recommendation.</p> <p>NIAO subsequently published a separate report on <u>Planning in Northern Ireland</u>. The report was the subject of PAC sessions and PAC published a report, with multiple recommendations around planning improvement. We were advised that responses to those recommendations have superseded the commitment made to this recommendation and are in progress.</p>
13	<p>The Committee acknowledges that “the public and organisations with an interest must be allowed the opportunity” to contest projects on environmental or other issues. However, it is concerned about the extent to which judicial reviews delays add costs to, public sector projects.</p> <p>The Committee recommends that the Northern Ireland Civil Service works with the Judiciary to consider if the balance needs to be reviewed between having a higher bar for taking Judicial Reviews while at the same time not discouraging genuine concerns from being raised. This should include an examination of the cost of lodging a judicial review in Northern Ireland. The Committee consider this could help to reduce the risk that ‘vexatious’ challenges are made.</p>	<p>The Department of Justice (DoJ) partially accepted the recommendation.</p> <p>DoJ did not accept the recommendation insofar as it relates to the NICS working with the judiciary on the test for judicial review. DoJ stated that it is for the judiciary to apply the law as it stands and outside a court setting it would not be appropriate to engage with the judiciary on how the law is applied or if the right balance is being struck.</p> <p>With regards to costs, DoJ advised that it keeps under review the costs of judicial review fees in NI and the obligations regarding costs for court reviews in the Aarhus Convention.</p> <p>The NIAO has also published a separate report on the Judicial Review process and made a number of recommendations.</p>
14	<p>In the absence of multi-year spending plans, the Committee acknowledges that it is difficult for the Executive to produce a Programme for Government and investment plan which relate to several years. DoF told the Committee that it has raised the issue of multi-year budgets with HM Treasury twice and received “very warm responses”.</p> <p>The Committee reinforced the importance of these multi-year funding representations to HM Treasury and recommends that DoF continues to push for their introduction as a matter of urgency.</p>	<p>This recommendation was accepted.</p> <p>DoF is supportive and vocal about the importance of multi-year settlements and the associated certainty that they bring for departments planning large scale projects, and the DoF Minister and senior officials continue to make the case to the Treasury for multi-year settlements. However the local Budget period is ultimately bound by the Spending Review period set by UK Ministers.</p>

Ref.	PAC recommendation	Progress to date
15	<p>The Committee considers that the current practice of drawing up public sector contracts focuses on penalty clauses to deal with instances of poor contractor performance. In the Committee's view, contractor performance may improve where they are incentivised to deliver on time and within budget. The Committee welcomes DoF's assurance that it is looking at practice elsewhere with a view to learning lessons and improving performance.</p> <p>The Committee recommends that further work is completed to evaluate whether incentivising contractors might improve their performance and result in the delivery of project on time and within budget.</p>	<p>This recommendation was accepted.</p> <p>A proposal was brought in February 2022 and a Procurement Policy Note was drafted on the use of the NEC4 contract and additional contract options (some are mandatory to use). These include options such as a bonus for early completion (optional) and Delay Damages (mandatory). A draft Procurement Policy Note was approved by the Procurement Board in February 2022 and is awaiting Executive approval.</p>
Theme – Improving the planning of major capital projects		
10	<p>In relation to the Casement Park project, the Department for Communities (DfC) explained that the initial planning permission was quashed (in December 2014) when a judicial review concluded that the process was flawed, rendering the planning decision unlawful. Concerns included the department's assessment of the impact on traffic of a capacity crowd at the stadium. The Committee finds it incredible that the issue regarding traffic at Casement Park was not foreseen and addressed at the outset of the project, prior to the submitting the original planning application.</p> <p>The Committee recommends that expert advice is sought, and acted upon, by departments at the outset of projects.</p>	<p>This recommendation was accepted.</p> <p>A revised SRO appointment letter, including a responsibility of the SRO to ensure a programme/project is resourced with appropriate skills and expert knowledge, was included in <u>DAO (DoF) 06/21</u> and issued 16 September 2021. This was an update to <u>DAO (DoF) 02/20</u> which contains SRO appointment letter template and other updates following the PAC report such as recommending the establishment of Departmental Portfolio, Programme and Project Offices (P3Os) to ensure visibility, and provide support for governance, oversight and reporting on programme/project delivery and assurance.</p> <p>The TEO guidance 'Making a difference - the NICS Guide to making policy that works' was published in February 2023 and makes it clear that policy development should not move forward unless adequate resources are available. Furthermore, the approach in the guide was developed to be in line with the principles of good practice in programme and project management.</p>
11	<p>The Committee recommends that, for future projects, much more time is spent at the outset of projects, identifying potential barriers to securing planning permission. The Committee expects that this process will involve early departmental engagement with planners.</p>	<p>This recommendation was accepted.</p> <p>The revised SRO appointment letter was included in a <u>DAO (DoF) 06/2021</u> issued 16 September 2021 and highlights the need for SROs to ensure early engagement with planning authorities and community groups.</p>

Ref.	PAC recommendation	Progress to date
12	<p>The Committee considers that DfC's experience with the Casement Park project clearly illustrates the consequences of failing to undertake effective engagement with local communities at the outset of projects. Without community confidence and buy-in to the project, much upset was caused, significant project delays were encountered and development costs more than doubled. That is not acceptable and, in the Committee's view, could have been avoided.</p> <p>The Committee recommends that revised procedures are introduced across departments to ensure that effective community engagement, mitigating concerns where possible, is completed prior to progressing projects.</p>	<p>This recommendation was accepted.</p> <p>In the Memorandum of Reply DoF committed to bring forward a Scoring Social Value Policy to emphasise the importance of community consultation. This policy was effective from 1 June 2022 (DoF Procurement Policy Note 01/21 (5 July 2021) – Scoring Social Value), however we note that the scope of community consultation included in the policy relates only to the social value that can be delivered through a project. It remains the case that government needs to do more to gain a Social Licence for major capital projects if it is to reduce the risks of Judicial Review.</p> <p>Also, as above, a revised SRO appointment letter was included in a DAO (DoF) 06/2021 issued 16 September 2021 and highlighted the need for SROs to ensure early engagement with planning authorities and community groups.</p>

Para ref in 2019 report	NIAO recommendation	Progress to date
3.18 - 3.20	<p>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.</p> <p>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.</p> <p>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.</p>	<p>Departments informed us that ad hoc arrangements have been made in accordance with the needs of individual projects. An example provided was the City and Growth Deals where engagement is at a number of levels across departments.</p> <p>Departments also cited examples where they use CPD client advisors early in the project planning phase and use SIB personnel as advisers and project directors.</p> <p>Also related to PAC recommendation 5 (above).</p>

Para ref in 2019 report	NIAO recommendation	Progress to date
2.25 – 2.27	<p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>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.</p>	<p>Related to PAC recommendation 5 (above).</p> <p>The existing arrangements for commissioning and delivering major capital projects have not changed since our last report in 2019. See paragraphs 4.10 and 4.11. We have made a further recommendation on this area.</p> <p>Note: DoH told us that CPD Health Projects transferred back to DoH Health Estates from 1 April 2023.</p>

Appendix 2: Study Methodology (paragraph 1.3)

The main elements of our review methodology were as follows:

- We obtained details of the Northern Ireland capital funding from the Department of Finance and a detailed breakdown of the roads capital funding allocations from the Department of Infrastructure.
- We obtained information from government departments on the major capital projects portfolio covering the period 1 April 2019 to 31 August 2023. Estimated costs and outturns are based on the information included in business cases and provided by departments. Adjustments have not been made by the NIAO to express these costs in constant prices.
- We obtained information from departments to review the progress of the 11 projects that featured as case studies in our 2019 report. We also obtained information from the Department for the Economy on the Southern Regional College Armagh Campus project for a case study demonstrating successful delivery of a major capital project.
- We liaised with the Department of Finance and the other government departments to obtain information for our assessment of the progress made against the recommendations in the Northern Ireland Public Accounts Committee 2020 report and our 2019 report.
- We held discussions with the Strategic Investment Board and Construction Employers Federation in Northern Ireland to understand the strategic context and emerging issues in which capital projects are being delivered.

Appendix 3: Summary of the Investment Strategy for Northern Ireland 2011-21 Key Achievements (paragraph 1.12)

ISNI 2011-21 identified 7 Key Sectors (Pillars) for investment. The total investment over the 10 year period was £15 billion.

Pillar	Investment	Key Achievements (2011-12 to 2020-21)
Networks: Roads, Public Transport, Gateways, Telecoms, Energy	£3.1bn	<ul style="list-style-type: none"> • A6 Randalstown (M22) to Castledawson Dualling opened to traffic in May 2021 (c.£190m). • A26 dualling - Glarryford to A44 Drones Road opened to traffic in June 2017 (c.£60m). • A31 Magherafelt Bypass opened in Oct 2016 (c.£35m). • Widening of A2 Shore Road at Greenisland opened in December 2015 (c.£50m). • A8 dualling - Coleman's Corner to Larne opened December 2015 (c.£130m). • Phase 1 of Belfast Rapid Transit operational (c.£90m) in September 2018. • The first three of a total of 21 new carriages were delivered in March 2021. These carriages will be used to convert seven three-car trains into full six-car sets increasing capacity on the NI Railways network. This project forms part of an overall £60m package of investment in trains and depot infrastructure. • North-West Transport Hub (part of a £27m investment) in Derry~Londonderry was operational from October 2019. • Enabling works for Belfast Transport Hub were completed in 2021. • At March 2023, Translink had more than 100 zero emission buses in its fleet with plans for another 44 to enter passenger service in the remainder of 2023. • Project Stratum is improving broadband availability across Northern Ireland. A £165m contract was awarded in November 2020 to provide fibre to the premises (FTTP) broadband to 76,000 premises, mainly in rural areas. A £32m addendum to the contract saw an additional 8,500 premises added to the contract in January 2022. As of October 2023, over 73,000 eligible premises have been addressed through Project Stratum.

Pillar	Investment	Key Achievements (2011-12 to 2020-21)
<p>Skills: Schools, higher and further education, youth services, libraries</p>	£2.3bn	<ul style="list-style-type: none"> • Total investment of c.£1.6bn in the last ten years that includes investment in minor works, investment through the school enhancement programme and major projects programme. • Through the school enhancement programme, 63 schools have benefitted from c.£475m capital investment. • Under DE's school enhancement programme, 67 schools have benefitted from c.£160m capital investment. • The new Ulster University campus in Belfast city centre welcomed the first of its 15,000 students in September 2021.
<p>Health: Primary care, public safety and technology, hospitals modernisation</p>	£2.6bn	<ul style="list-style-type: none"> • New eight-storey Acute Services Block comprising more than 230 beds at the Ulster Hospital (Phase B2) opened to patients in November 2021. • Completion and handover of the new North Wing building at Altnagelvin Hospital (L'Derry) in December 2020. The facility provides an additional six new 24 bed inpatient ward areas and a new main entrance to Altnagelvin Hospital. • The Omagh Local Hospital and Primary Care Complex opened on the 20 June 2017. • Completion in April 2017 of seven-storey Inpatient Ward Block at the Ulster Hospital (Phase B1) comprising 288 single rooms. • The North West Cancer Centre at Altnagelvin Hospital has a catchment area consisting of approximately 500,000 residents to avail of both Chemotherapy and Radiotherapy Services closer to home. The centre began delivering treatments in 2016. • Grangewood acute mental health inpatient unit opened in December 2013. • The new Acute Mental Health Inpatient Centre at Belfast City Hospital opened in June 2019 providing 80 acute mental health en-suite bedrooms, including six psychiatric intensive care beds. • The RVH Critical Care Building completed during the period at a total cost of £156m. • Phase One of the new Learning & Development Centre at Cookstown is complete with Phase Two nearing completion, in total representing an investment of c.£50m in world class training facilities.

Pillar	Investment	Key Achievements (2011-12 to 2020-21)
<p>Social: Regeneration, social housing, culture, arts, sports and inland waterways</p>	<p>£2.9bn</p>	<p>Regeneration</p> <ul style="list-style-type: none"> • More than £150m invested in Public Realm schemes. • More than £50m investment in Neighbourhood Renewal schemes. • More than £50m invested in Ebrington Square. The square opened in February 2012 – the first time the site has been open to the public since it was built in the 1840s. • Over £17m was invested by DfC in capital infrastructure projects in Derry/Londonderry as part of the preparations for the UK City of Culture in 2013. • £14.6m was spent by DfC on capital projects in Portrush as part of The Open golf tournament in 2019. • Lagan Weir Pedestrian and Cycle Bridge constructed in 2015 (£5m). <p>Social Housing</p> <ul style="list-style-type: none"> • In the period 2011-12 to 2020-21, 14,903 social homes were delivered through the Social Housing Development Programme (with government investment of £1.09bn). • Financial Transaction Capital of £180m was invested in Co-Ownership Housing (£139m), Get Britain Building (£19m), Affordable Home Loans (£13m) and Empty Homes Schemes (£9m). <p>Culture, Art, Sport, Inland Waterways</p> <ul style="list-style-type: none"> • The new Public Record office of Northern Ireland (PRONI) opened in April 2011 (£30m). • The MAC which features two theatres and three art galleries opened to the public in April 2012 (£18m). • Aurora Aquatic and Leisure Complex, Bangor opened in March 2013 (£38m) – at the time – the largest investment in indoor sports facilities in Northern Ireland. • The Kingspan Stadium (Ravenhill) officially opened in May 2014 (£16.5m). • The first match in the redeveloped Windsor Park stadium played in October 2016 (£35m).

Pillar	Investment	Key Achievements (2011-12 to 2020-21)
<p>Productive: Enterprise and innovation, tourism, rural development and primary industries, public sector reform</p>	£1.4bn	<p>Enterprise & Innovation</p> <ul style="list-style-type: none"> Over £400m of funding was provided via Invest NI's Access to Finance initiatives, supporting SMEs and innovation driven enterprises in Northern Ireland. Invest NI's contribution of c. £125m leveraged c. £275m from Northern Ireland, Great Britain and international private sector investors. Catalyst (formerly NI Science Park) opened its Concourse III building in August 2016, adding to the flexible office space available for growing technology companies. Construction was facilitated with the support of a £6.4m FTC repayable loan provided by the former Department of enterprise, Trade and Investment (DETI; now DfE). <p>Tourism</p> <ul style="list-style-type: none"> The Giant's Causeway visitor centre (£18.5m) opened in July 2012. Titanic Belfast (£77m) opened to critical acclaim on 31 March 2012 in time for the centenary of the sinking of the Titanic. Further investment in other tourism signature projects (Causeway Masterplan (excludes the Giants Causeway Visitor Centre), Walled City of Derry, Christian Heritage/Saint Patrick and the Mourne National Park area) of £45m. Complementary investment in tourism by way of grant funding of c.£18m. <p>Rural and Primary Industries</p> <ul style="list-style-type: none"> In excess of £0.5bn invested in the range of rural development initiatives including: implementing the rural development programme, addressing rural poverty, managing our woodland, managing our fisheries, scientific research carried out by AFBI, veterinary services, investment in the College of Agriculture, Food and Rural Enterprise (CAFRE), and the relocation of DAERA HQ to Ballykelly. <p>Public Sector Reform</p> <ul style="list-style-type: none"> Approximately £150m has been invested in maintaining and upgrading our IT infrastructure including systems for Finance, HR, Procurement and Land & Property Services. Circa £140m has been invested in maintaining and improving the office estate.
<p>Justice: Police, prison, probation, courts & tribunals, forensic science, youth justice</p>	£0.7bn	<ul style="list-style-type: none"> New forensic laboratory (£14m) opened in March 2016. New accommodation block at Maghaberry (£54m) opened in October 2019.

Pillar	Investment	Key Achievements (2011-12 to 2020-21)
Environment: Water and waste water, waste management, flood risk management, environment	£2.0bn	Water and Wastewater <ul style="list-style-type: none"> • Invested approximately £1.7bn to create over 170kms new, renewed or relined water mains; remediation of unsatisfactory intermittent discharges; and completion of new wastewater treatment works. Flood Risk Management <ul style="list-style-type: none"> • Invested over £60m in flood risk management including drainage infrastructure and flood alleviation.

Source: Strategic Investment Board and departments

Appendix 4A: Capital Projects (with budget approval over £25 million) excluding programmes, grant schemes and housing association projects which were approved during the period 1 April 2019 to 31 August 2023 or were approved in an earlier period but not completed by 1 April 2019 (paragraphs 3.1 – 3.8)

Project Name (* indicates a project ongoing at 31/03/2019 in our previous report)	Projected Completed (Yes/No)	Estimated costs per OBC £ millions	Costs incurred to 31 August 2023 £ millions	Actual/expected final cost on completion £ millions	Actual or expected (underspend / overspend) £ millions	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	Expected end date (ongoing projects only)	Actual / Potential Time (Underrun / Overrun from OBC Years)
Animal Health Sciences Building Project	No	42.5	3.6	42.5	-	30/06/2023		27/10/2027	4¾
CAFRE - Capital Investment Programme at Loughry Campus	No	43.3	1.0	43.3	-	01/09/2028		01/06/2031	2¾
CAFRE - Capital Investment Programme at Greenmount Campus	No	32.2	0.9	32.2	-	31/12/2028		01/06/2031	2½
Department of Agriculture, Environment and Rural Affairs	3	118.0	5.5	118.0	-				
Regional Stadia Programme - Casement Park *	No	77.5	12.0	140.0 ¹	62.5	31/03/2016		31/12/2027	10¾

¹ The anticipated cost to deliver remaining works required is expected to be in the range of £112 million - £140 million.

Project Name (* indicates a project ongoing at 31/03/2019 in our previous report)	Projected Completed (Yes/No)	Estimated costs per OBC £ millions	Costs incurred to 31 August 2023 £ millions	Actual/expected final cost on completion £ millions	Actual or expected (underspend / overspend) £ millions	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	Expected end date (ongoing projects only)	Actual / Potential Time (Underrun / Overrun from OBC Years)
Sub-Regional Stadia Programme for Football*	No	36.2	-	36.2	-	No OBC		Unknown	Unknown
Belfast Central Library Redevelopment*	No	45.3	-	45.3	-	2016 OBC lapsed, new OBC required		Unknown	Unknown
Department for Communities	3	159.0	12.0	221.5	62.5				
Devenish College Proposed New Build*	No	26.6	28.1	28.1	1.5	01/09/2018		31/05/2024 ²	5
Ballycastle Shared Education Campus*	No	47.6	4.3	72.1	24.5	30/09/2019		07/06/2027	7 ^{3/4}
St Roman's College Lurgan*	No	38.3	11.1	49.9	11.6	01/02/2020		16/03/2025	5
Holy Trinity College Cookstown*	No	38.4	5.1	30.0	(8.4)	01/09/2021		06/04/2026	4 ^{1/2}
Strule Shared Education Campus*	No	168.9 ³	48.8	366.3	197.4	01/09/2020		01/09/2027	7

2 The new build was substantively complete and occupied in September 2023, however sports pitches are due to be complete in May 2024.

3 OBC2 estimate was £153.7 million, excluding inflation; £168.9 million including inflation.

Project Name (* indicates a project ongoing at 31/03/2019 in our previous report)	Projected Completed (Yes/No)	Estimated costs per OBC £ millions	Costs incurred to 31 August 2023 £ millions	Actual/expected final cost on completion £ millions	Actual or expected (underspend) / overspend £ millions	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	Expected end date (ongoing projects only)	Actual / Potential Time (Underrun) / Overrun from OBC Years
Dunclug College, Ballymena	No	26.0	1.6	22.3	(3.7)	30/06/2023		31/08/2028	5¼
Strangford Integrated College	No	38.1	1.1	38.1	-	31/07/2026		30/09/2026	¼
Lismore Comprehensive School	No	30.5	30.0	33.6	3.1	31/12/2021		31/01/2024	2
St Killian's College	No	32.2	1.9	32.9	0.7	31/01/2024		30/11/2028	4¾
Priory Integrated College	No	26.2	0.8	38.0	11.8	30/11/2024		31/01/2027	2¼
Shimna Integrated College	No	28.3	6.2	27.6	(0.7)	29/02/2024		31/07/2025	1½
Ardnashee School & College	No	41.7	14.4	41.7	-	31/01/2024		28/02/2025	1
Down High School	No	41.9	10.4	41.1	(0.8)	31/12/2025		30/04/2025	(¾)
Slemish Integrated College	No	43.4	0.9	52.3	8.9	30/06/2025		30/09/2026	1¼
New Bridge Integrated College	No	27.5	5.8	28.7	1.2	31/12/2024		31/08/2025	¾

Project Name (* indicates a project ongoing at 31/03/2019 in our previous report)	Projected Completed (Yes/No)	Estimated costs per OBC £ millions	Costs incurred to 31 August 2023 £ millions	Actual/expected final cost on completion £ millions	Actual or expected (underspend / overspend) £ millions	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	Expected end date (ongoing projects only)	Actual / Potential Time (Underrun / Overrun from OBC Years)
Integrated College Dungannon	No	32.8	1.1	45.9	13.1	31/10/2026		30/04/2027	½
Abbey Community College	No	33.2	1.2	35.2	2.0	31/12/2025		31/08/2026	¾
Fort Hill Integrated College and Fort Hill Integrated Primary School	No	46.1	1.1	62.6	16.5	30/09/2027		31/10/2027	-
Hazelwood Integrated College	No	51.4	1.0	60.9	9.5	30/11/2027		30/06/2028	½
Enniskillen Royal Grammar School	No	52.8	1.2	35.1	(17.7)	31/12/2026		31/12/2026	-
St Conor's College Kiltrea	No	38.5	0.5	38.5	-	31/03/2027		31/03/2027	-
St Louis Grammar School Killeel	No	45.3	0.3	45.3	-	30/09/2025		31/05/2028	2¾
Department of Education	22	995.7	176.9	1,226.2	270.5				
Gas to the West*	No	31.6	31.3	31.3	(0.3)	31/07/2019		30/06/2024	5

Project Name (* indicates a project ongoing at 31/03/2019 in our previous report)	Projected Completed (Yes/No)	Estimated costs per OBC £ millions	Costs incurred to 31 August 2023 £ millions	Actual/expected final cost on completion £ millions	Actual or expected (underspend / overspend) £ millions	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	Expected end date (ongoing projects only)	Actual / Potential Time (Underrun / Overrun from OBC Years)
South West College, Erne Campus*	Yes	29.1	30.0	30.0	0.9	31/10/2018	16/04/2021		2½
Northern Regional College Estates*	No	85.4	47.1	93.4	8.0	01/09/2020		31/07/2025	4¾
Southern Regional College, Armagh*	Yes	33.4 ⁴	33.3	33.3	(0.1)	27/03/2020	20/03/2020		-
Southern Regional College, Banbridge*	Yes	13.2 ⁴	16.2	16.2	3.0	15/05/2018	18/12/2020		2½
Southern Regional College, Craigavon*	No	43.3 ⁴	2.8	63.0	19.7	24/12/2018		Unknown – project on hold	Unknown
Queen's University Belfast, Mainsite Masterplan	Yes	23.1	27.3	27.4	4.3	01/09/2020	01/09/2020		-
Queen's University Belfast, Integrated Student Centre	Yes	45.1	38.7	41.8	(3.3)	01/09/2022	01/09/2022		-

4

We have split out the individual campus rebuilds at Southern Regional College for clarity when comparing the information with our case study which focuses specifically on the Armagh rebuild, however the rebuilds are categorised as a single combined project by DfE. Optimism bias of £7.7m was built into the OBC cost of the whole project, which is not included in the Estimated costs per OBC of the three rebuilds included above but has been included in the DfE subtotal and overall total for the purposes of calculating an aggregate Estimated costs per OBC and Actual or expected (underspend)/overspend. The project is also combined for the purposes of our summary within **Appendix 4B** and is considered a project overrunning on both cost and time metrics.

Project Name (* indicates a project ongoing at 31/03/2019 in our previous report)	Projected Completed (Yes/No)	Estimated costs per OBC £ millions	Costs incurred to 31 August 2023 £ millions	Actual/expected final cost on completion £ millions	Actual or expected (underspend / overspend) £ millions	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	Expected end date (ongoing projects only)	Actual / Potential Time (Underrun / Overrun from OBC Years)
Queen's University Belfast, Management School	Yes	27.3	23.3	26.1	(1.2)	31/10/2022	15/09/2023		¾
UU, Greater Belfast Development*	Yes	254.0	337.3	357.8	103.8	01/04/2018	01/09/2022		4½
Screen Media Innovation Lab (Belfast Region City Deal)	No	72.0 ⁵	-	72.0 ⁵	-	01/08/2024		31/12/2024	¾
Advanced Manufacturing Innovation Centre (Belfast Region City Deal)	No	98.0 ⁵	1.4	105.8 ⁵	7.8	31/03/2025		30/06/2026	1¾
Global Innovation Institute (Belfast Region City Deal)	No	61.0 ⁵	0.9	73.6 ⁵	12.6	31/12/2026		31/12/2027	1

5 The values for *Estimated costs* and *Estimated final cost on completion* for these Belfast Region City Deal Projects is the total cost of the relevant projects, and does not reflect the contribution the Department for the Economy (DfE) will make towards the total cost. DfE's capital contributions are: Screen Media Innovation Lab £25.2 million; Advanced Manufacturing Innovation Centre £78.7 million; Global Innovation Institute £52.3 million; Institute for Research Excellence in Advanced Clinical Healthcare £39.7 million; Mourne Mountain Gateway Project £29.8 million; and Destination Royal Hillsborough £20.0 million.

Project Name (* indicates a project ongoing at 31/03/2019 in our previous report)	Projected Completed (Yes/No)	Estimated costs per OBC £ millions	Costs incurred to 31 August 2023 £ millions	Actual/expected final cost on completion £ millions	Actual or expected (underspend / overspend) £ millions	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	Expected end date (ongoing projects only)	Actual / Potential Time (Underrun / Overrun from OBC Years)
Institute for Research Excellence in Advanced Clinical Healthcare (Belfast Region City Deal)	No	46.6 ⁵	1.0	62.8 ⁵	16.2	31/03/2026		31/12/2026	¾
Mourne Mountain Gateway Project (Belfast Region City Deal)	No	44.6 ⁵	-	44.6 ⁵	-	30/06/2029		30/08/2030	1¼
Centre for Digital Healthcare Technology (Belfast Region City Deal)	No	34.0 ⁶	-	34.0	-	31/03/2026		31/03/2026	-
Destination Royal Hillsborough (Belfast Region City Deal)	No	26.0 ⁵	-	26.0 ⁵	-	31/12/2028		31/12/2028	-
Department for the Economy	15⁷	975.4⁴	590.6	1,139.1	163.7⁴				

6 The Department for the Economy told us that a business case for the Centre for Digital Healthcare Technology is to be resubmitted because of major changes to the project timelines. The Earliest estimated end date and Expected end date values noted above are therefore likely to change.

7 For the purposes of calculating the number of projects, the individual campus rebuilds at Southern Regional College have been considered as a single project in line with how they were categorised by DfE.

Project Name (* indicates a project ongoing at 31/03/2019 in our previous report)	Projected Completed (Yes/No)	Estimated costs per OBC £ millions	Costs incurred to 31 August 2023 £ millions	Actual/expected final cost on completion £ millions	Actual or expected (underspend / overspend) £ millions	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	Expected end date (ongoing projects only)	Actual / Potential Time (Underrun / Overrun from OBC) Years
BCH Mental Health Inpatient Unit*	Yes	33.2	41.2	41.2	8.0	01/05/2016	24/06/2019		3¼
Energy Centre at the Royal Victoria Hospital*	No	42.5	8.9	159.5	117.0	01/01/2021		14/06/2029	8¼
Altnagelvin Hospital Tower Block*	No	75.0	72.0	75.9	0.9	31/08/2016		30/09/2026	10
Ulster Hospital Phase B Main build*	Yes	195.3	279.7	279.7	84.4	01/05/2015	01/03/2023		7¾
Site Infrastructure Works at the RVH Royal Victoria Hospital	No	64.8	7.2	64.8	-	31/10/2023	31/10/2023		-
NHSCT Mental Health Inpatient Unit	No	88.2	3.5	123.7	35.5	31/01/2027		31/01/2027	-
Cityside HCC	No	71.4	3.1	125.8	54.4	30/09/2027		30/09/2027	-
Lisnaskea HCC	No	18.6	1.9	32.0	13.4	31/09/2025		31/04/2026	½
Newry CTCC	No	88.3	4.5	88.3	-	01/04/2025		31/03/2027	2

Project Name (* indicates a project ongoing at 31/03/2019 in our previous report)	Projected Completed (Yes/No)	Estimated costs per OBC £ millions	Costs incurred to 31 August 2023 £ millions	Actual/expected final cost on completion £ millions	Actual or expected (underspend / overspend) £ millions	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	Expected end date (ongoing projects only)	Actual / Potential Time (Underrun / Overrun from OBC Years)
Regional Children's Hospital*	No	223.0	69.5	589.6	366.6	01/07/2020		02/02/2029	8½
Maternity Hospital*	No	57.2	89.5	97.1	39.9	01/12/2015		30/06/2025	9½
Critical Care Building*	Yes	95.0	155.8	155.8	60.8	31/12/2012	30/09/2020		7¾
Primary Care Centre (Lisburn) (Third Party Development (3PD))*	Yes		N/A - 3PD Delivery - unitary charges apply			31/03/2016	31/08/2021		5½
Primary Care Centre (Newry) (Third Party Development (3PD))*	No		N/A - 3PD delivery no longer applicable. Project superseded by the Newry CTCC above			31/06/2016		N/A - 3PD delivery no longer applicable. Project superseded by the Newry CTCC above	
NIFRS Learning and Development Centre Cookstown*	No	44.8	31.2	49.9	5.1	31/12/2020		30/04/2024	3¼
Department of Health	14⁸	1,097.3	768.0	1,883.3	786.0				

8 The Newry CTCC project has replaced the Primary Care Centre (Newry) (Third Party Development (3PD)) project, and as such for the purposes of considering the number of projects under the Department of Health we have not double counted these two.

Project Name (* indicates a project ongoing at 31/03/2019 in our previous report)	Projected Completed (Yes/No)	Estimated costs per OBC £ millions	Costs incurred to 31 August 2023 £ millions	Actual/expected final cost on completion £ millions	Actual or expected (underspend) / overspend £ millions	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	Expected end date (ongoing projects only)	Actual / Potential Time (Underrun) / Overrun from OBC Years
North West Multimodal Transport Hub*	Yes	27.3	27.5	27.5	0.2	30/06/2020	24/11/2020		½
Belfast Central Depot, Central Workshop and Stores*	Yes	25.3	27.1	27.1	1.8	31/08/2018	30/07/2020		2
Knockmore to Lurgan Track Ballast Rehabilitation Project*	Yes	25.3	23.6	23.7	(1.6)	30/09/2019	31/03/2022		2½
Cullybackey Area Signalling and Level Crossing Renewals	No	31.4	29.7	36.0	4.6	30/09/2023		31/08/2024	1
Translink - Lisburn Area Renewals	No	43.6	21.1	46.9	3.3	31/03/2024		31/05/2024	¾
Lagan Junction to Yorkgate Track Renewals	No	30.6	22.4	30.6	-	30/09/2023		31/08/2024	1
Coleraine to Derry Londonderry Track Renewal Phase 3	No	97.8	3.4	97.8	-	31/07/2027		31/01/2029	1½

Project Name (* indicates a project ongoing at 31/03/2019 in our previous report)	Projected Completed (Yes/No)	Estimated costs per OBC £ millions	Costs incurred to 31 August 2023 £ millions	Actual/expected final cost on completion £ millions	Actual or expected (underspend / overspend) £ millions	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	Expected end date (ongoing projects only)	Actual / Potential Time (Underrun / Overrun from OBC Years)
Northern Ireland Rail Operating Centre Phase 1a	No	24.4	9.6	27.4	3.0	31/12/2024		31/03/2025	¼
A4 Enniskillen Southern Bypass	No	28.7	6.7	36.1	7.4	30/06/2023		31/08/2028	5¼
Dungannon Wastewater Treatment Works	No	48.7	7.6	48.7	-	31/12/2026		31/12/2026	-
Belfast Tidal Flood Alleviation Scheme	No	17.9	17.4	39.0	21.1	31/03/2021		30/09/2024	3½
Portadown Flood Alleviation Scheme	No	7.8	3.3	45.0	37.2 ⁹	31/12/2029		31/12/2029	-
A5 Londonderry, Strabane, Omagh and Aughnacloy*	No	799.0	96.8	1,700.0	901.0	31/12/2018		31/09/2028	9¾
A6 Randalstown to Castledawson/Dungiven to Londonderry*	No	594.0	443.3	655.0	61.0	31/12/2024		31/12/2030	6
Belfast Transport Hub*	No	208.9	144.5	340.0	131.1	30/09/2023		31/12/2025	2¼

9 DfI told us that the OBC was prepared prior to the publication of revised departmental guidance on climate change, with the scheme reassessed under the new guidance as requiring additional sites for flood defences, and additional height and length of defences at other sites. DfI also told us the OBC was prepared based on a number of assumptions, with the revised cost estimate now reflecting circumstances from the detailed design and site investigation works (such as ground conditions being worse than anticipated) as well as the effects of recent cost inflation.

Project Name (* indicates a project ongoing at 31/03/2019 in our previous report)	Projected Completed (Yes/No)	Estimated costs per OBC £ millions	Costs incurred to 31 August 2023 £ millions	Actual/expected final cost on completion £ millions	Actual or expected (underspend / overspend) £ millions	Earliest Estimated End Date (OBC or FBC)	Actual Project End Date	Expected end date (ongoing projects only)	Actual / Potential Time (Underrun / Overrun from OBC Years)
Department for Infrastructure	15	2,010.7	884.0	3,180.8	1,170.1				
Redevelopment of Magilligan Prison*	No	108.5 ¹⁰	-	108.5	-	31/12/2023		31/03/2031	7¼
Additional Cell Accommodation at Maghaberry*	Yes	58.0	54.0	54.0	(4.0)	01/07/2017	17/10/2019		2¼
New Women's Facility*	No	33.6 ¹¹	-	33.6	-	28/02/2021		31/03/2027	6
FSNI - Project ATLAS (new build)	No	77.3	1.3	77.3	-	31/12/2027		31/12/2027	-
Department of Justice	4	277.4	55.3	273.4	(4.0)				
James House acquisition	Yes	37.9	39.1	39.8	1.9	03/05/2022	22/02/2023		¾
Department of Finance	1	37.9	39.1	39.8	1.9				
TOTAL – all departments	77	5,631.4	2,531.4	8,082.1	2,450.7				

Source: All information has been provided and verified by departments (TEO had a nil return)

10 The original OBC estimated costs for the redevelopment of Magilligan Prison were £158,847,971; however as noted in our 2019 report funding was not available for the project to be taken forward at that cost.

11 The original OBC estimated costs for the New Women's Facility were £49,859,000. The Department told us the scope of the projects was reduced due to funding challenges.

Appendix 4B: Summary of the portfolio between 'ongoing projects from the 2019 portfolio' (as per our 2019 report) and 'recently approved projects' (approved between 1 April 2019 and 31 August 2023)

Number of projects	Overrun on both cost and time estimates	Overrun on original estimated cost only	Overrun on original estimated timeframe only	Expected to meet both time and cost estimates	Not known	Total original estimated cost £ millions	Actual/expected final cost on completion £ millions	Actual or expected (underspend) / overspend £ millions
Projects included within our 2019 report (approved before 1 April 2019)								
31*	22	0	7*	0	2**	3,622.4	5,811.0	2,188.6
Projects approved 1 April 2019 – 31 August 2023								
46	19	4	14	9	0	2,009.0	2,271.1	262.1
Total	41	4	21	9	2	5,631.4	8,082.1	2,450.7

* No cost estimate was provided for the Lisburn Primary Care Centre project as it was procured via third-party development, however the scheme failed to achieve its original targeted completion date of March 2016. To avoid double counting the original Newry Primary Care Centre (Third Party Development (EPD)) project has been excluded from this row. It has been superseded by the Newry CTCC project which is included as one of the 14 projects overrunning on the original estimated timeframe approved after 1 April 2019.

** DfC have not provided targeted completion dates from which we could measure time performance for the Sub-regional Stadia Programme for Football and the Belfast Central Library Redevelopment (per the information provided both are currently expected to be delivered at their original estimated cost).

NIAO Reports: 2023

NIAO Reports 2023 and 2024

Title	Date Published
2023	
Planning Fraud Risks	01 March 2023
Public Procurement in Northern Ireland	25 April 2023
Ministerial Directions in Northern Ireland	27 April 2023
Pre-school Vaccinations in Northern Ireland	05 May 2023
Mental Health Services in Northern Ireland	23 May 2023
Reducing Adult Reoffending in Northern Ireland	13 June 2023
Innovation and Risk Management - A Good Practice Guide for the Public Sector	27 June 2023
Developing the Northern Ireland Food Animal Information System	28 June 2023
School Governance - A Good Practice Guide	04 July 2023
The Judicial Review Process in Northern Ireland	04 July 2023
Overview of the NI Executive's response to the Covid-19 pandemic (3rd Report)	27 July 2023
Continuous Improvement Arrangements in Policing	10 August 2023
Approaches to Achieving Net Zero Across the UK - Report by the four Auditor Generals of the UK	15 September 2023
Tackling Waiting Lists	10 October 2023
Local Government Auditor's Report 2023	15 December 2023
Comptroller and Auditor General's Report on Financial Audit Findings 2023 - Central Government	20 December 2023
2024	
Tackling the Public Health Impacts of Smoking and Vaping	30 January 2024



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