THE DELIVERY GAP

WHY GOVERNMENT PROJECTS REALLY FAIL AND WHAT CAN BE DONE ABOUT IT

JONATHAN SIMCOCK

THE DELIVERY GAP

This compelling book lays bare the systemic problems that have plagued major government projects for too long. With precision and candour, Simcock unravels the real reasons for repeated failures and presents a roadmap for meaningful reform. This book is an urgent call to action for ministers, policymakers, civil servants and anyone invested in effective governance. A must-read for those who believe we can – and must – do better.

***—Francis Maude (Lord Maude of Horsham)*,**
Former Cabinet Office Minister

A refreshingly clear perspective on eight mega public sector projects, and why they did not deliver according to plan. It is one man's perspective, but from a man who has been in central positions in the government projects ecosystem since 2007. His narrative offers real insight into the reasons for failure, and he draws equally refreshing recommendations to improve future mega projects. For anyone involved in, or concerned with Government delivery, this short book offers a clear and concise perspective on how to improve things.

***—Sir John A. Manzoni*,**
Former Chief Executive of the Civil Service

This highly readable work draws on many different perspectives to set out why so many major Government projects are destined to fail. It is essential reading for everyone who wants to see better delivery: and that's all of us!

***—Rt Hon Sir Jeremy Quin*,**
Former Defence and Cabinet Office Minister

The Delivery Gap is a great contribution to one of the most important questions of our time. Why do public sector programmes often get into difficulty? Essential reading for anyone involved with the planning or execution of large projects.

***—Mark Wild*,**
CEO of HS2 Ltd, former CEO of Crossrail Ltd

If you are about to take on a key management or leadership role in delivering a complex programme, read this book. Jonathan Simcock is one of the most experienced programme delivery professionals in the country, leading some of the largest programmes in the public and private sectors. His succinct and penetrating insights into why major programmes fail will have some uncomfortable resonance for those who have been at the sharp end and have the scars to show.

The conclusions and recommendations are easy to understand and seemingly obvious, but why are they not recognised? Perhaps this will present the reader with some, uncomfortable dilemmas to address in their work going forward, but also an opportunity to act.

***—Sir Simon Bollom*,**
Former CEO of Defence Equipment and Support,
Ministry of Defence

This book raises important issues about a long history of unsuccessful delivery of many major Government projects, and the author's experience brings valuable perspectives to the underlying reasons.

***—David Goldstone CBE*,**
Former CEO of Restoration & Renewal Delivery Authority

A brave but insightful book that has grasped the essence of the challenges! Let's hope that the author's efforts and the themes from this book can influence how we improve things to deliver the economic growth that we so desperately need from Government projects.

***—Mark Thurston*,**
CEO Anglian Water and former CEO of HS2 Ltd

Through his own deep experience of capital projects in both the private and public sectors, Jonathan Simcock has produced a work of great insight into the many challenges of delivering major projects in a government setting. His recipe for improving outcomes should become mandatory reading for all involved.

***—Tony Meggs*,**
Former CEO of the Infrastructure and Projects Authority

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BY

JONATHAN SIMCOCK

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United Kingdom – North America – Japan – India
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This book is dedicated to the thousands of public servants who have valiantly struggled to deliver huge public sector projects over the last two decades. To rise each morning and strive with energy and hope in the face of systemic headwinds represents an un-sung heroism.

> *It is not the critic who counts: not the man who points out how the strong man stumbles or where the doer of deeds could have done better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood, who strives valiantly, who errs and comes up short again and again, because there is no effort without error or shortcoming, but who knows the great enthusiasms, the great devotions, who spends himself in a worthy cause; who, at the best, knows, in the end, the triumph of high achievement, and who, at the worst, if he fails, at least he fails while daring greatly, so that his place shall never be with those cold and timid souls who knew neither victory nor defeat.*
>
> —Theodore Roosevelt[1]
>
> (With apologies for Teddy's characteristic sexism.)

[1]Theodore Roosevelt. Speech at the Sorbonne, Paris. 23 April 1910.

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PREFACE

Some of what government achieves is accomplished through policy. A tweak to taxation, reform of the curriculum, funding more policemen. But sometimes government has to actually build or buy something. A road, a hospital, a school, a defence system. And sometimes it has to do something big. Really big. A fleet of nuclear submarines, a completely secure data infrastructure linking every home in the country with every energy company, the first new underground railway across London for 40 years, an IT system big enough for the health records of every person in the country. The private sector plays its part, but only government can lead projects on this scale. The problem is that if you compare what these mega-projects actually deliver with what was originally intended, successive UK Governments have a really miserable record. Almost universally, very big projects are either late, over budget, deliver less than promised – or all three. Some, like HS2, are never completed at all.

And it really matters. The UK is emerging from political turbulence and the Covid pandemic deep in debt, with stagnant growth, poor productivity, and taxation levels at historic highs. We do not have tens of billions of pounds to waste on half a high-speed railway. Our degraded public services need reform now, not after years lost to failed IT projects. The world has become a more dangerous place; national security requires new capabilities to arrive on time. And the climate challenge can't be met without unprecedented transformation in the nation's energy systems.

From outside the opaque world of public sector project delivery, commentators struggle to understand why our performance is so poor. How hard can it be? Surely you just decide what to do, work out how long it will take and how much it will cost, then procure somebody to deliver it. Not everything will be easy, to be sure, but surely we should be successful far more often than we are.

In the wake of the cancellation of HS2, I set out to understand what is causing this malaise. I spoke to the insiders – ex-ministers, advisors, civil servants and project managers – who have tried, and mostly failed, to deliver some of the largest and most complex projects of the last two decades. Through their stories, I began to understand the structures and incentives that are at the root of failure. In the course of these conversations, I realised that most of my preconceptions about what has to change were wrong. I now believe that no amount of improved process, enhanced capability, or sharpened accountabilities will solve the problem, unless the destructive underlying tendencies described in this book are exposed and addressed.

Just to be clear. I am not saying that no public sector project is ever successful. Some are. Or that no other country struggles with the same issues. They do. But I am saying that we can and must do better. If we are to overcome the huge challenges we face as a country – poor productivity, high debt, low growth, rising security threats and a changing climate, we must change the way we think about mega-projects. We have to close the delivery gap.

ACKNOWLEDGEMENTS

I am enormously grateful to the past and present ministers, senior officials and delivery leaders who have shared their experiences so openly with me in the research for this book. I have named them when I could, but even when their contributions have been anonymised, I have strived to retain the essence of their insights. If there is any wisdom in what follows, most of it comes from them. Where there are errors, they are all my own.

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DEATH OF A PROJECT: HS2

You know that feeling you get when you hear about the death of a long-sick relative? It isn't unexpected. But somehow it is still a shock. There had been speculation for weeks that Prime Minister Rishi Sunak would make an announcement about the future of the HS2 project in his 2023 party conference speech:

> *If we are to create change and drive growth across our country, then we must get our infrastructure right. A false consensus has taken root that all that matters are links between our big conurbations. It said that the most important connection those cities could have was to London, and not anywhere else. And it said that the only links that mattered were north to south: not east to west. HS2 is the ultimate example of the old consensus. The result is a project whose costs have more than doubled, which has been repeatedly delayed and it is not scheduled to reach here in Manchester for almost two decades…and for which the economic case has massively weakened with the changes to business travel post Covid. I say, to those who backed the project in the first place, the facts have changed. And the right thing to do when the facts change, is to have the courage to change direction. And so, I am ending this long-running saga. I am cancelling the rest of the HS2 project.*[1]

To me, it felt like proof that I was living in 'can't do' Britain. After more than a decade of development, with billions already spent, was the biggest infrastructure project in the post-war period really being stopped in its tracks half-way through its first phase? And on a political whim?

My first thought was for my brother David, whose family had been uprooted from their home of 30 years, the home he expected to grow old in, because it was on the high-speed route between Birmingham and Crewe – a section of the line which would now, it appeared, never be built. He had seen the small country community in which he lived destroyed as some had their homes compulsorily purchased against their will and others reluctantly sold to the government to avoid many years of construction stress and permanent loss of peace and quiet. Returning recently to the village, he had seen most of the cottages empty and over-grown or else let to short-term tenants. Weeds choked the pond around which the community had dwelt.

Over the years, even as he wrestled with the heartless process of assessment, valuation and revaluation of his home, my brother had always been phlegmatic about the reality that infrastructure projects have losers as well as winners. 'You can't build a railway without disturbing anyone.' But now there would be no railway. Thousands of lives had been dislocated and dozens of communities blighted for nothing.

My next thought was for the hundreds of professionals I had met over the years who had devoted a chunk of their careers to this one great national endeavour: The civil servants, consultants, engineers, project managers, lawyers, commercial professionals, and contractors lured by a once in a generation challenge. Despite the announcement, some of them would still have many years of HS2 work ahead of them. Phase One was still years from completion. There were tunnels to finish, track to lay, and stations to build. The signalling contract had not even been let. Some of them would be busier than ever. Contracts would have to be terminated or renegotiated. £600 million worth of now superfluous land and property, including David's, would have to be sold off.[2] And HS2 Ltd, the government owned company

which had taken years to develop, would have to be wound down and then wound up. Abandoning HS2 would keep hundreds of people busy for years. But it wouldn't be fun. I knew from my own experience how quickly a driven, energetic, project organisation can be infested by collective disillusionment. The fog of failure drifts into every meeting room. Good people begin looking for escape routes. Less good people look for somewhere to hide. Who would join this miserable endeavour if they had an alternative without the cloud of failure hanging over it? How on earth, I wondered, would they motivate the tens of thousands of people already working on the project to stay, and attract the others they would need to bring at least Phase One of the project to a successful conclusion?

But in the months after Rishi Sunak's announcement, it became clear that there could be no successful conclusion to Phase One. The National Audit Office catalogued the dismal consequences of the Prime Minister's decision.[3]

With no affordable scheme for an HS2 station at Euston, the trains seemed destined to terminate at Old Oak Common, seven miles further out of London. Platforms at Birmingham Curzon Street would be built, but never made operational, because not building them would be more expensive than carrying on. And north of Birmingham, HS2 trains running onto the West Coast Main Line would have fewer seats and run slower than the services they replaced. Capacity between Manchester and Birmingham would actually reduce, so passengers would have to be discouraged from travelling by rail at busy times. Phase One of HS2 in isolation is a railway that nobody would ever have dreamt of building. The Department for Transport's own economic assessment is that the benefit will never outweigh the costs. The London to Birmingham leg only ever made sense in the context of completing the northern phases.

If Sunak was trying, a year out from a general election, to show himself to be a bold and decisive leader ready to make tough decisions for the greater good, then it didn't work. To most commentators it seemed to be an act of vandalism committed against the legacy of his own party's 13 years in power. Perhaps I would not

have found the death of HS2 so dispiriting if it had really just been this – the desperate political act of an unpopular Prime Minister.

But in truth, the HS2 project had struggled from the start.

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Since the completion of High Speed One, the line from London to the Channel Tunnel, there had been little serious interest in high-speed rail for the UK before 2008. A study commissioned by the Department for Transport in 2005 concluded that high-speed rail would never be the best use of limited resources.[4] UK cities are too close together to warrant the cost of very high-speed trains. More conventional projects would always offer better value for money. But after Ruth Kelly, the Labour Transport Secretary, resigned during the 2008 Labour Party conference to spend more time with her family, the Conservative opposition saw an opportunity to kill a number of birds with one stone. By announcing that in government they would scrap the expansion of Heathrow airport and instead spend £20 billion on a completely new high-speed railway, they could burnish David Cameron's green credentials, kill off a project unpopular with their South of England constituents (not to mention their noisy London Mayor Boris Johnson), and paint the Labour government as unimaginative, disorganised and out of touch, all at the same time. Their new project would serve the apparently never-ending growth in north-south rail passenger numbers by connecting the existing high-speed link between London and Paris with a new railway to the North. Passengers from Birmingham, Manchester and Leeds would reach London in 45, 80 and 97 minutes respectively. Manchester to Leeds would take 17 minutes. And those who needed an airport could use a new high-speed connection to Heathrow. The project would be funded by a combination of public and private sector finance, and services would begin operating in 2027.[5] In contrast to Labour's uninspiring commitment to another runway at Heathrow, it sounded new and exciting.

Two Labour Secretaries of State later, the concept had become bipartisan. Labour Transport Secretary Andrew Adonis's White

Paper, 'High Speed Rail', landed in Parliament in the months leading up to the 2010 election. It promised to bring Britain in line with the nations already enjoying the thrill of high velocity.

> *Not only France's TGV and the pioneering Japanese Shinkansen but new high speed networks across Europe and Asia are increasing capacity, slashing travel times, transforming the connections between cities, and offering the most comfortable and convenient travelling experience in history.*

For a project that was still years away from the drawing board, the scheme was remarkably specific. There was to be a Y-shaped network of lines from London to Birmingham, and then north to Manchester, and north-east to the east midlands, Sheffield and Leeds. The trains would travel at 250 miles per hour. A journey from Birmingham to Canary Wharf would take just 70 minutes, and from Leeds to Canary Wharf a hundred minutes. There would be a phased opening from 2026. The cost of the whole scheme would be £30 billion.[6]

After the general election brought the Conservatives to power in coalition with the Liberal Democrats, the incoming administration caught the hospital pass. The new Transport Secretary, Philip Hammond, was told by David Cameron to 'Get HS2 done. Get out there and promote it like mad, get it done, get it through, that's your only task.'[7] A bill for the London to Birmingham leg of the railway was introduced to Parliament in 2013. Despite being government policy, the whole project was far from popular in the Conservative party. The bill took over three years to receive Royal Assent as every vested interest tried to influence the scope in one direction or another. A Cabinet member of the time told me about an informal backbench group which would 'get the HS2 project people in to shout at them about this particularly beautiful grave or listed building or Civil War battlefield site'. Another minister told me, 'David Cameron ended up committing to things that cost more than he was putting into the entire broadband rollout across the United Kingdom.' A totemic example is the kilometre-long structure in Buckinghamshire being built to protect bats

from the trains.[8] As the project progressed and the scope evolved, so did the costs. By the time Prime Minister Boris Johnson was faced with the final decision about whether to proceed – at least with the first phase from London to Birmingham – the costs for the full Y-shaped scheme had grown to over £100 billion and it wouldn't open until the late 2030s. With costs up and benefits delayed, the economics of the project were much less attractive than the picture painted by Adonis a decade earlier. So Johnson commissioned an old associate, Doug Oakervee, the man who had championed the Crossrail Project for him when he was London Mayor, to do a final review. Oakervee's conclusion was that the project should proceed, but only if subsequent phases were also approved as part of an 'integrated plan for the GB rail network',[9] and on the precondition that costs were reduced by cutting the maximum train speed, limiting the number of trains per hour, and renegotiating the major civil contracts which were by now nearing the point of signature. The Prime Minister accepted Oakervee's conclusion, but not his preconditions. Phase One was to proceed with a funding limit of £40 billion. Johnson insisted that building the full Y scheme remained government policy, but in fact resources working on the eastern leg to Leeds had already been diverted onto the Birmingham to Crewe, and Crewe to Manchester sections.

The Department for Transport issued HS2 Ltd with a Notice to Proceed, allowing the construction proper to begin. But the £40 billion figure was based on very immature design work. And the huge civil contracts prioritised schedule over costs in a way that incentivised getting shovels in the ground before the design was bedded down. Evolution of the design and concessions made to planning authorities led to recycling and rework. By 2024, the projected cost of Phase One had grown to £49–57 billion, up to 45% more than the budget set in 2020.[10] And that excluded the impact of post-pandemic inflation. HS2 was destined to fail.

So my dejection at the death of HS2 was not simply distress at the decision. The fate of this railway amplified an unacknowledged notion that was already resonating in my head. A growing feeling

that failure of huge government projects is somehow predestined. Even worse than this depressing idea was my feeling of complicity. Hadn't I had been part of this problem since my first encounter with the world of government projects when I first entered Trevelyan House on Great Peter Street in Westminster on a drizzly July day in 2007?