Feature

Programme Boards – room for improvement

Alex Cameron and **David Archer** argue that the boards responsible for delivering large public sector programmes could learn a lot and benefit from the experiences of UK plc in relation to evaluation and development.

The requirement for listed companies to have a regular external evaluation of their board against a common code of good practice has won a lot of support over recent years. So much so that many other organisations such as public bodies and large charities have adopted similar practices for their board development. But one type of board that has received less attention when it comes to evaluation and development is the Programme Board. You could argue that Programme Boards are very different beasts to a plc board, and indeed some are. Some preside over much simpler organisations, and have a well-defined set of objectives to deliver over a finite timescale.

Other 'Mega-programmes' and their boards share many characteristics with corporate bodies. Their budgets are certainly comparable. In the 2014/15 financial year the UK Government spent £22bn on what it classified as 'major programmes'[1] (there were 188 in their list) and the figures for the current year are likely to be larger. And programmes at this scale also share many of the complexities of a listed company. They are multi-disciplinary, have many stakeholders with different interests and risk appetites, their goals have to shift as the environment in which they operate changes, the financing has many uncertainties, and their life-span can be as long as that of many trading companies.

It's therefore no surprise that the management of such programmes has come under a great deal of examination of late. There are some good news stories to report – the construction of all the facilities required for the London 2012 Olympics was generally hailed as a great success and many lessons from this work have been transferred to the Crossrail programme which is now moving towards near successful completion.

But there are some very expensive failures too – the Queen Elizabeth class aircraft carriers under construction for the Royal Navy are currently two years behind schedule and £2bn over budget – and by the time they are ready the second of these may never see operational service as the MoD doesn't have the budget for the planes to fly from it. And that's just looking at UK examples, in the US the scale can be even bigger – the California High Speed Rail programme is currently struggling to hits its delivery plans within a budget of $64bn but has previously seen forecasts of up to $98bn.

So with annual budgets of some of these mega-programmes being larger than that of many listed companies, why are their governance structures not subject to the same scrutiny and external evaluation of their decision-making as plc boards? To date the focus on improving the management of these mega-programmes has largely been on the processes and reporting structures used to control them. However, in this article we want to view major programmes through a different lens – and to think of them as businesses, scrutinised by a board with many of the same challenges and requirements as those of plc boards.

Much of the best practice guidance for Programme Boards has evolved from, and built on the disciplines of, project management and there are well established bodies of knowledge to draw on. But these tend to focus on ways of managing risk and controlling change in the delivery of the content of the programme – rather than the qualities and effectiveness of the board that is in charge of that delivery.

Programme Board governance

The size and the roles represented on a Programme Board are not mandated but best practice guidance[2] from the Association for Project Management (APM) and others suggests that there are three key roles:

1. The Senior Responsible Officer (SRO) who is ultimately accountable for the programme and is responsible for providing approvals and decisions affecting the programme. This is somewhat analogous to a UK plc chairman but actually carries more authority and may be better compared to a US style executive chairman.
2. The Programme Director who is responsible for the delivery of the programme plan and so could be compared to the CEO.
3. Business Change managers (sometimes known as sponsors) who are responsible for aspects of the transition and benefits realisation.

Often these roles are supplemented by supplier and customer representatives and sometimes internal audit/quality assurance. In a few cases there may be even individuals appointed in an advisory capacity equivalent in some ways to a non-executive director. And so you can see some parallels with a corporate board, but there the similarities end. These are not statutory roles with clear accountabilities and there is no corporate law or corporate governance code to control ways of working and the behaviours of all those involved.

In reality, the working of the average Programme Board is designed by those involved. This design will often be an amalgam of past experience and the particular requirements of the most powerful players in the programme. The evidence from successful Programme Board operation is not great as the examples of project failures outlined already shows, but all programmes of this size and complexity have challenges, conflicts and financial pressures. What distinguishes the successful programmes, just like successful companies, is how they respond to these difficult situations. This means effective decision-making at board level.

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In these situations, what makes the difference for effective Programme Boards is the same as for a plc. They need clear roles and responsibilities for each board member. Each board member should understand the expectations of their contribution and be held to account for their individual performance. However, clear roles are important but insufficient on their own. The Programme Board needs timely access to the necessary information to monitor performance and facilitate effective decision-making. This information needs to include easy-to-access lagging and leading indicators of performance. But perhaps the most important information that needs to be available to the board is the risk data. By this we don't mean a huge and impenetrable risk register so often prepared on such projects. We mean a short-list of the top sophisticated risks that will drive the overall performance of the programme. However, clear roles and good information won't deliver an effective board without strong relationships and positive behaviours around the board table. This is an area that is well-understood in corporate boards, but given less attention in the more informal Programme Board structures.

In recent years, the performance of corporate boards has been recognised as a key indicator of business performance. The reports on corporate failures whether at RBS or at the Co-operative Bank make clear the necessity to get the roles, information and behaviours right in order to avoid dysfunction and dangerous decision-making. The FRC, which publishes and updates the UK Corporate Governance Code, understands these issues and constantly develops the Code to push board behaviour and transparency forward. Notably, since 2010, there is a requirement for all corporate boards to be externally evaluated every three years along with annual internal reviews. But if you think of a major programme as an organisation in its own right, as many commenters are starting to do[3], wouldn't the disciplines of the Corporate Governance Code be as relevant and useful to Programme Boards dealing with pressures of the magnitude and complexity of many plcs?

There are signs that the most enlightened of Programme Boards are recognising the benefits of evaluation to improve board performance[4] and are increasingly turning to the requirements outlined in the Corporate Governance Code. After all, many of the stakeholders of these Programme Boards are plcs themselves, so are familiar with this way of working. Informed and experienced stakeholders in these programmes have the same requirements as shareholders. They want to see problems addressed quickly, performance effectively scrutinised and productive relationships between all the parties involved in the venture. For these large programmes this means that evaluating the capability and ways of working of their board should be just as much of a concern as is the evaluation of the delivery plan of the programme itself. And in our view, the principles and reputation of the UK Corporate Governance Code makes it a good place to start when it comes to designing a framework to direct this type of Programme Board evaluation work.

1 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/438333/Major_Projects_Authority_Annual_Report_2015.pdf

2 http://knowledge.apm.org.uk/bok/programme-management

3 See for example this webinar from the Oxford Said Business School MSc in Major programme management https://www.youtube.com/watch?list=PLtXf43N26ZifXS2mqSB7_heT_7qLvNo4L&time_continue=12&v=U0QHY4TsiA4

4 See this example from TfL http://content.tfl.gov.uk/operation-of-rail-and-underground-programme-boards.pdf

 Alex Cameron and David Archer are Directors of Socia Ltd, a business focused on enabling Board and Business Leader performance through effective collaboration. See www.socia.co.uk