Feature

Engineering great decisions

Miles Ashley and **Alistair Godbold** look at a comprehensive approach to transforming infrastructure project productivity and sustainability through the Infrastructure Governance Code.

Infrastructure projects shape the world we live in across telecommunications, energy, transportation and water, providing essential services that enable our society's economic growth, quality of life, and sustainable development. As populations urbanise and develop, the demand for reliable and efficient infrastructure has never been greater.

The complexity and scale involved in delivering these projects is immense, often involving multiple stakeholders, budgets comparable to FTSE 100 companies, and ground-breaking engineering challenges. They require significant planning, co-ordination, and collaboration across numerous public and private entities, including governments, regulators, industry partners, and communities. Their delivery over many years entails inevitable change and adapting to evolving societal needs, technological advancements, and environmental considerations, making their successful delivery even more challenging.

To address these challenges, and the need to improve productivity and sustainability, in 2017, the Institution of Civil Engineers (ICE) introduced 'Project 13'. A ground-breaking initiative aimed at establishing a new 'enterprise' delivery model, it has been adopted as best practice by infrastructure owners across the UK, the world and by the World Economic Forum. The Project 13 enterprise model departs from the traditional transactional models, which have proven inadequate for high-performing infrastructure delivery. Instead, this enterprise approach brings together owners, partners, users, advisers, suppliers, and other stakeholders in more integrated, long-term arrangements that deliver better outcomes rather than merely outputs or assets.

The Infrastructure Governance Code, introduced in January 2023, provides a structured system of good practice and challenge to support effective decision-making in the delivery of infrastructure projects. The Code emphasises a collaborative focus on planning and delivering projects in more integrated, productive, and sustainable ways enabling us to deliver their outcomes.

The critical role of good governance

As the scale and technological complexity of infrastructure projects increase, the UK National Infrastructure and Construction Pipeline forecasts an unprecedented £650bn of investment in infrastructure over the coming decade. In a time when efficiency is of utmost importance, infrastructure and major projects will play a crucial role in stimulating growth, national renewal, and enhanced productivity. However, with increased investment comes increased responsibility; good governance is more important than ever.

The delivery of these projects is often overseen and governed by a project board. Although there is some guidance on governance and good practice in major projects, there is a noticeable gap in the literature regarding the establishment and operation of these boards. The Infrastructure Governance Code fills this void, leveraging the best practice set by the UK Corporate Governance Code and others. The Code is designed to support the effective set up and operation of project boards as well as their governance arrangements, creating a platform for success.

Why a code is necessary

Corporate and charity organisations have long recognised the importance of governance codes. However, until now, no equivalent code has existed for infrastructure project boards, even though these boards face governance challenges in creating effective temporary organisations to deliver these infrastructure outcomes upon which society depends.

Infrastructure projects have gained a reputation for failing to deliver on their original expectations. According to the Infrastructure and Projects Authority, the Association for Project Management, and the National Audit Office, many issues stem from the failure of insufficient or unsuitable governance arrangements. The Infrastructure Governance Code seeks to remedy these problems by establishing effective governance.

The significance of enterprise delivery principles

Project 13 advocates for a shift away from traditional transactional delivery models towards the performance of an enterprise. Owners are increasingly adopting the principles of Project 13 and setting up integrated enterprises to deliver their investments in new infrastructure. Effective governance arrangements must align with the governance of the owner organisation, and it is essential that these enterprises incorporate expertise in operations, maintenance, and customer services from the owner organisation.

Establishing and running project boards: A comprehensive framework

The Infrastructure Governance Code consists of Six Themes, each supported by a series of Principles. A total of 31 Principles are further expanded upon by supporting Provisions that suggest compliance approaches. These Themes and related Principles provide a comprehensive framework for establishing and running infrastructure project boards, ultimately enhancing delivery success and more importantly the enterprise outcomes over the whole life of the infrastructure. These Themes are:

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1. *The enterprise: embracing a holistic approach*
In the context of infrastructure projects, an enterprise encompasses all organisations and stakeholders involved in delivering a project's outcomes. This includes not only those who deliver but also those who maintain, regulate, and use these assets, as well as those who can deliver value from its operation. Engaging and involving these entities in the governance of the project represents a holistic application of good practice, moving beyond traditional transactional approaches to create more efficient, informed and sustainable infrastructure projects.

2. *Mission and defined outcomes: focusing on purpose and value*
Successful project delivery requires a clear focus on the project's purpose and the value it brings. Infrastructure projects should prioritise outcomes, whole-life economic and social value, and emphasise safety and environmental excellence. By aligning project outcomes with broader goals such as the UN SDGs, infrastructure projects can contribute to long-term sustainable development while delivering immediate benefits to society.

3. *Behaviours and accountabilities: promoting a positive culture*
Creating a culture of transparency, honesty, and collaboration is crucial for project success. Project boards should strive to demonstrate and embed these values throughout the organisation and supply chain, fostering constructive challenge and diversity of thought. A commitment to making the project a positive and inclusive environment is key to ensuring that team members can thrive, feel valued, challenge positively and communicate openly to contribute to the project's success.

4. *Data informing decisions: utilising accurate and consistent information*
Reliable, consistent, and accessible data is essential for informed decision-making. Many 'lessons learned' reports identify instances where data indicated issues, but this information was not appropriately interpreted or acted upon within the governance framework. Ensuring that accurate, insightful data is available and understood at all levels of the project organisation is critical for effective project management.

5. *Right capabilities at the right level: prioritising people and skills*
Having competent people at all levels of the project is vital for success. Project boards must secure and develop people and their behaviours, investing in building, competency, relationships between leaders and fostering a culture that values skills development.

6. *Organisation: establishing clear roles and responsibilities*
Clear organisation and defined roles, responsibilities, accountabilities, and authorities are essential for effective project management. By ensuring that all stakeholders understand their roles and the roles of others in project delivery, potential confusion and inefficiency can be minimised.

The 'comply or explain' approach

Where compliance is not achieved, a 'comply or explain' approach should be used either to develop action to achieve compliance or to provide an explanation for non-compliance and where what is done is better or more appropriate to achieve success.

A challenging transition

The implementation of the Infrastructure Governance Code in an industry that is predominantly transactional presents challenges. The current approach relies heavily on contracts and the resulting disaggregation of roles. This must evolve towards a more integrated enterprise approach, requiring a significant shift in mindset.

Organisations will need to critically evaluate their current practices and identify areas where improvements can be made. This introspection may prove difficult for those entrenched in transactional thinking, requiring a willingness to adapt and embrace change.

Another challenge lies in the introduction of independent non-executive directors, a practice which is currently uncommon in a sector that has depended on largely unchallenged senior leaders. These roles will bring an impartial perspective providing valuable oversight and guidance, but their inclusion demands a revaluation of traditional decision-making processes.

Moreover, a successful transition to the enterprise approach calls for a deeper understanding of accountabilities and responsibilities and fostering a sense of ownership over project outcomes.

Ensuring the veracity of data is crucial in creating a culture of collaborative challenge. Accurate and reliable data enables informed decision-making and promotes transparency, but it requires a commitment to diligent data management practices. Organisations must be prepared to invest in the systems, processes, and personnel needed to maintain data integrity and transition to an enterprise approach.

Furthermore, skills and resource constraints are persistent and intensifying issues within the sector. The workforce often lacks the necessary expertise to harness the potential of digital technologies, leading to a skills gap that hampers productivity and innovation. Addressing this skills shortage will be essential for the industry to thrive in an increasingly digital landscape.

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Conclusion

The industry will be significantly challenged as it necessarily transitions from a focus on 'outputs' to one centred on 'outcomes'. This shift will require a comprehensive change and the balancing of long-term value creation and the broader societal benefits of infrastructure projects, rather than merely concentrating on short-term deliverables.

The Infrastructure Governance Code provides a much-needed framework for effective governance in major infrastructure projects. By addressing gaps in good practice and incorporating lessons learned from past projects, the Code offers a comprehensive guide for project boards and stakeholders to deliver infrastructure project outcomes with enhanced efficiency, productivity, and sustainability.

The widespread adoption of the Code's principles and practices promises to revolutionise the way infrastructure projects are planned, delivered, and managed, ultimately benefiting society as a whole.

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