



National Audit Office

# Starting projects well - making good decisions and seeing them through

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# My presentation will cover:

- The National Audit Office;
- Optimism - why it can be good;
- Causes of the conspiracy of optimism;
- Optimism - the downside;
- Working together to deliver success.

# Our Strategic Aim

- Applying the unique perspective of public audit to help Parliament and Government drive lasting **improvement** in public services

# What is “The conspiracy of optimism”?

## “Optimism”

- "an inclination to put the most favourable construction upon actions and events or to anticipate the best possible outcome“ or .....
- “A song by the English alternative rock band Radiohead, the sixth track on their 2000 album Kid A.”
- “Conspiracy”
  - “Collaborative behaviour hidden from view” or .....
  - “The debut album of East Coast hip hop group Junior M.A.F.I.A.. Upon its 1995 release, it garnered much attention and gained even more hype when single "Get Money" was released.”

Source: Wikipedia

# Why “optimism” can be good

## **A challenging delivery environment:**

- Conspiracy of optimism;
- Outcome delivery not procurement;
- Long timescales and short patience spans;
- Technology evolution and/or revolution;
- Uncertainty ... needs and funding;
- Structure of government;
- Mutual dependence:
  - on individual capabilities;
  - across multiple projects;
- Changing commercial partner dynamics.

## **Success will require more than traditional project management:**

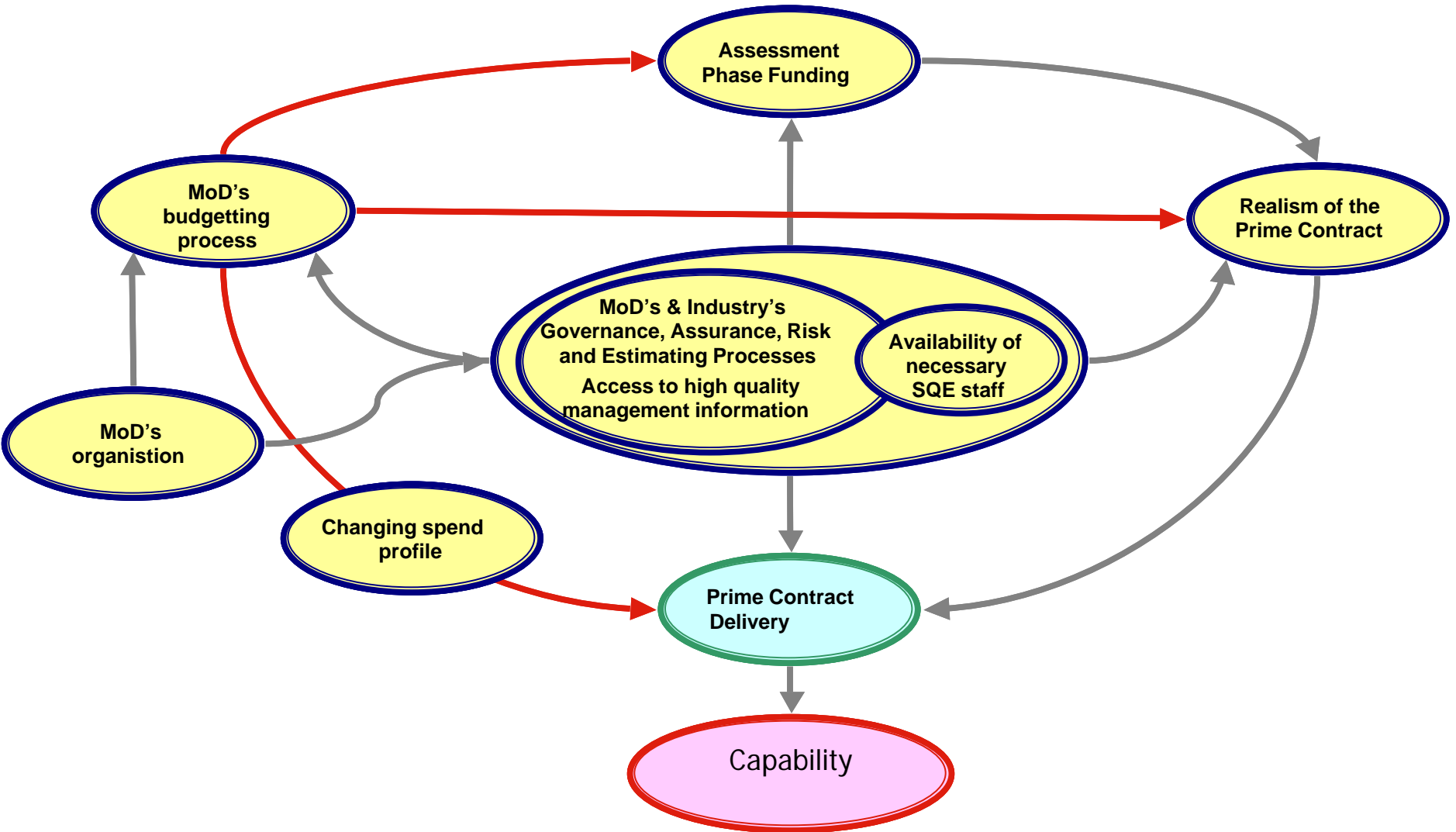
- Strategic thinking;
- Business planning;
- Change as the norm;
- Innovation;
- Leadership;
- Embracing other disciplines - psychology, chaos, social sciences, whole systems;
- Ethics.

# and its not to blame for everything - Introducing “right to roam”

- The Countryside Agency overspent by 88% implementing the programme;
- The Agency underestimated the work involved in determining what qualified as mountain, moor, heath and down, and how to map it.
- The Agency did not pilot test implementation or assess the risks of foregoing piloting



# Causes of the conspiracy of optimism



# The Norwegian experience

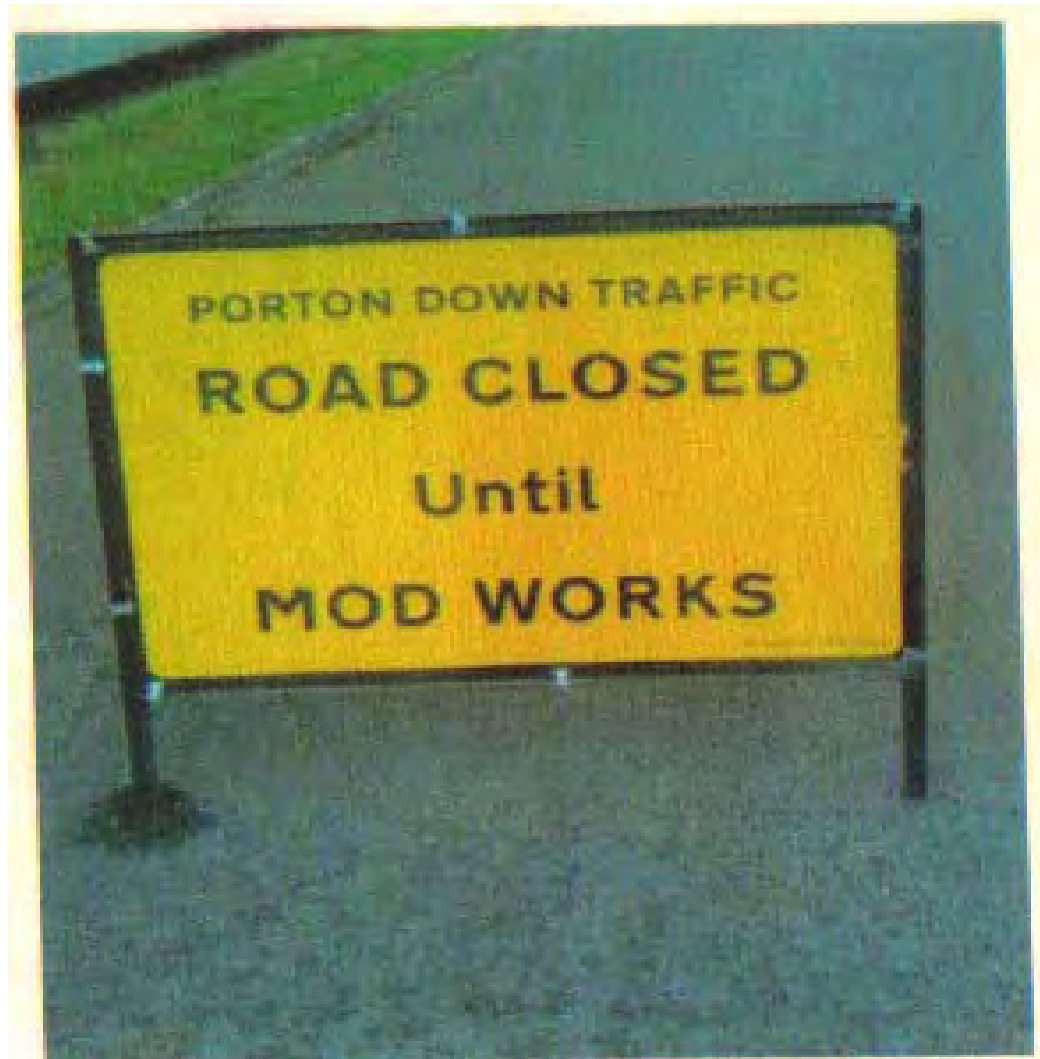
- **Analysis**
- 1 Alternative concepts have not been scrutinized
- 2 Lack of realistic objectives and justification
- 3 Project not relevant in relation to needs/market
- 4 Tactical underestimation of costs
- 5 Perverse incentives - benefits without liability
- 6 Tactical splitting up and sequencing of project
- 7 Tactical overestimation of needs and benefits
- 8 Underestimation of future operational costs
- **Decisions**
- 9 Major predictable surprises
- 10 Sound advice overruled by political preferences
- 11 Lacking transparency affecting public debate
- 12 Long lasting front end phase with shifting priorities
- 13 Political horse-trading between competing parties
- 14 Repeated play-off in political decision process

No of Projects affected
16
14
14
10
9
7
6
6
15
11
7
6
5
3

Based on 25 major transport, defence, education, health projects



# Optimism – the downside

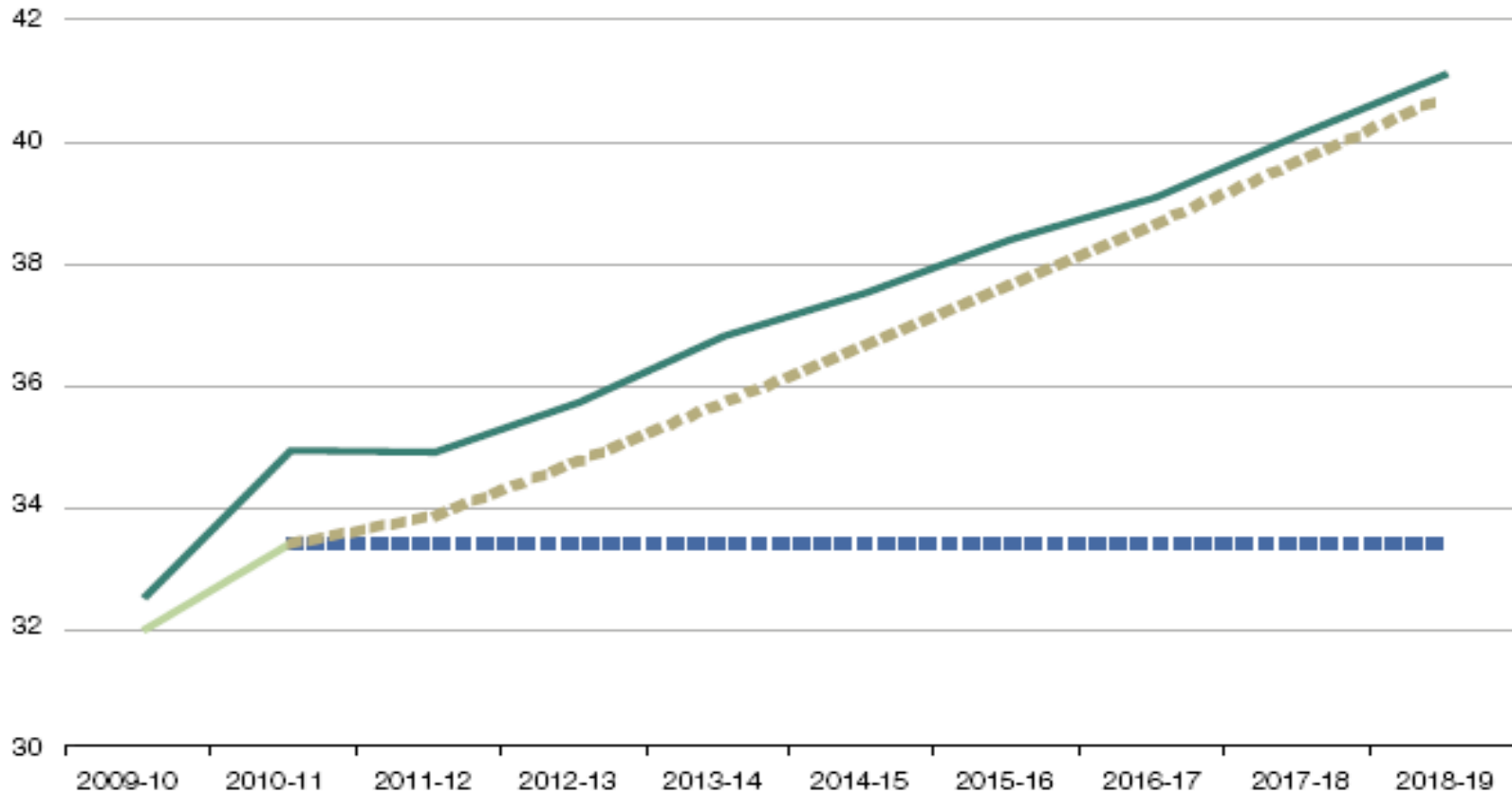


# Good looks like bad



# Decision-making is skewed ....

£ billion



# The “least worst” solution becomes the best achievable



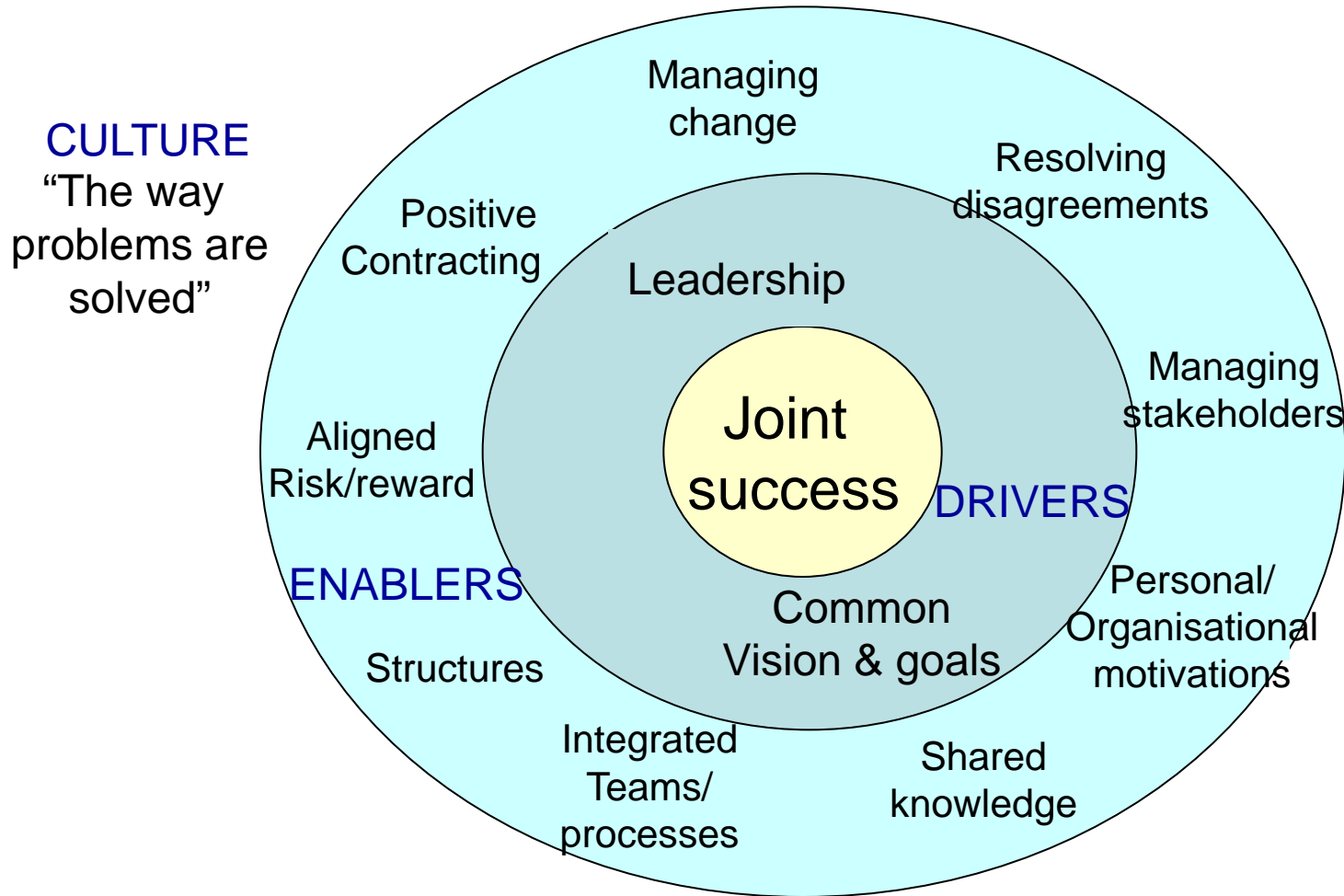
# Decisions are sub-optimal and not evidence based



# But success still happens:



# Working together to deliver success



Investing in the relationships and behaviours of organisations in the long and short term to deliver superior project performance





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