

City of Calgary-Green Line

Governance - Options analysis and recommended option

Technical and Risk Committee

May 2020

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Purpose and Recommendation

Purpose

Purpose: The purpose of the governance assessment is to:

- Determine gaps in the current governance framework;
- Recommend improvements to enhance Program governance; and
- Assess the applicability of other governance frameworks utilized in comparable Programs.

This review considers:

- What governance framework will enable the Program to be successful?
- Are there significant implementation obstacles?
- Will a change in governance result in increased confidence in the Program?
- Can the Program attract and retain the leadership expertise required?
- What does success look like?



Governance Key Success Factors

Program governance effectiveness can be assessed around 4 key pillars*:

Accountability (Focus)

Accountability must be unambiguous and ensure there is absolute **focus** around managing Program risk and meeting Program objectives.

Authority (Autonomy)

Authority must be delegated to the Program leadership and they must have **autonomy** from public sector operating environment to make decisions.

Alignment (Culture & Policies)

Alignment of the **culture and policies** must be around the Program and not the operating environment. These needs will change through the Program lifecycle.

Disclosure (Transparent)

Disclosure of information must be **transparent** to meet the needs of the public whilst protecting the commercial confidentially required to manage risk. And the Program leadership must proactively and frequently disclose changes in major Program risks to the governing body.

* UK Department of Transport – Lessons from transport for the sponsorship of major Programs

Technical and Risk Committee Conclusions and Recommendation

Conclusions:

- **An improved internal governance framework** would be less likely than a Program Governance Board (the PGB) or wholly-owned subsidiary framework to result in a successfully delivered Program;
- **The PGB framework** was, in 2019, not eligible to be implemented as the Municipal Government Act (MGA) prohibited the required delegation of Council's authority. The MGA has since been revised to enable the required delegation of authorities by Council. The PGB is a proven framework that can be efficiently implemented;
- **A wholly-owned subsidiary framework** could be implemented, however, it is more difficult and time consuming to implement.

Recommendation:

Seek Council direction to:

- Implement a Program Governance Board framework; and
- Give three readings to the Bylaw that enables the establishment of the PGB.



Background



Mega Programs

Delivering mega programs successfully is a difficult undertaking. Mega programs are large scale, technically and operationally complex, that must achieve results that have not been realized before to support improved public services.

These programs are expected to not only be executed successfully but to sustain public support in a fluid political environment. They are expected to be delivered within budget and on schedule and, as they employ public money, to be right the first time.

The focus required to successfully deliver a mega program is often significantly under appreciated by both public sector and private organizations. Mega programs require:

- Clarity of vision and unrelenting focus;
- Unambiguous accountability and authority;
- Extraordinary leadership with experienced and dedicated teams;
- High performance culture based on trust and commitment;
- High level of transparency
- Committed corporate and political leadership; and
- Rigorous controls and risk management processes.

Mega Programs

- Mega programs within Canada and abroad are failing to achieve the benefits, cost estimates and schedules initially promised. Significant budget over-runs and schedule delays are becoming more common.
- Programs are becoming more complex and larger; and owners do not normally have the required experience and expertise to successfully manage them.
- Owners are required to retain more delivery risk as programs increase in scale and complexity and contractors are unwilling or unable to accept risks that they historically accepted.
- Public sector owners deliver a multitude of services to citizens but are not typically set up to deliver unique mega programs.
- Effective program governance is foundational to success and can and should change through the lifecycle of a program.

Current Situation

- Green Line is a mega program and the size and complexity of the Program is unlike anything The City has delivered before;
- There is evidence that trust and confidence in the successful delivery of the Program has eroded;
- Council along with the City Auditor has identified the need to assess governance; and
- The Green Line Program would benefit from:
 - Enhanced focus and accountability;
 - Additional leadership throughout the team with mega Program experience;
 - Enhanced transparency through additional Program reporting;
 - A Program culture that is focused on timely and focused execution of work;
 - Corporate policies and systems tailored, where required, for a mega Program; and
 - An organizational transition from planning to the delivery phase.

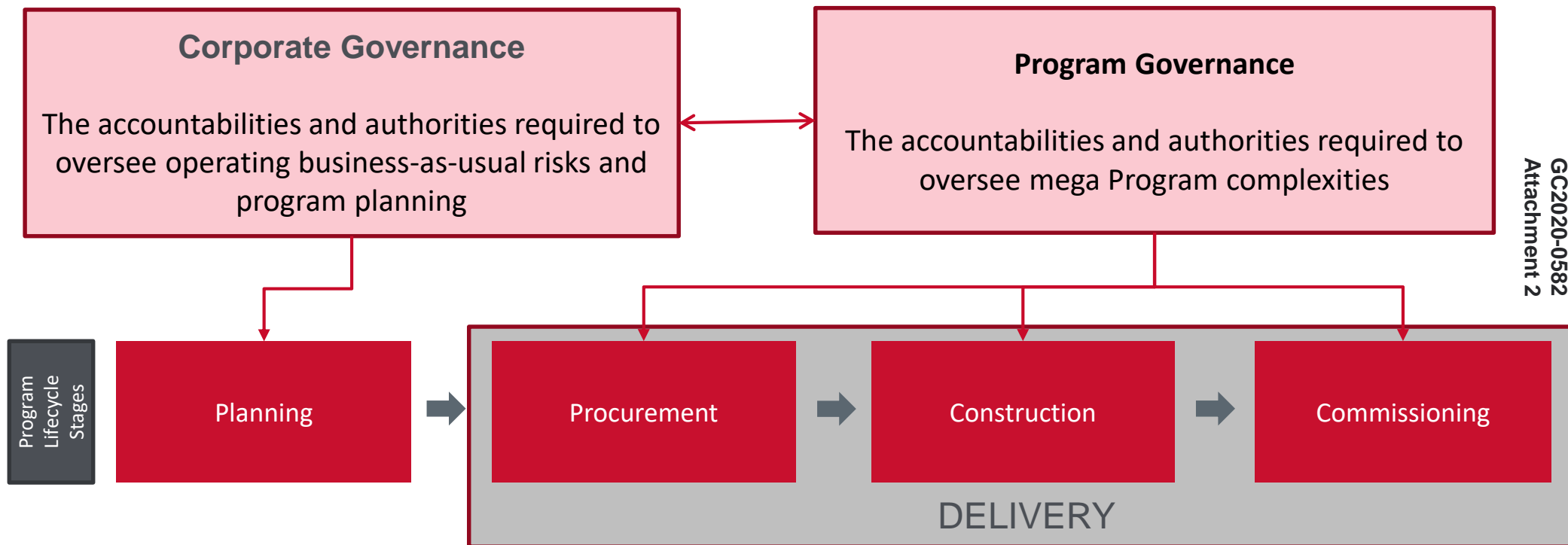


Program Governance Frameworks



Corporate vs Program Governance

- Corporate governance focuses on planning and managing the risks of delivering services to taxpayers
- Program governance focuses on managing the risks of delivering large capital programs
- Stage Gates are required for City (Planning) and PGB (Program Delivery Gates)

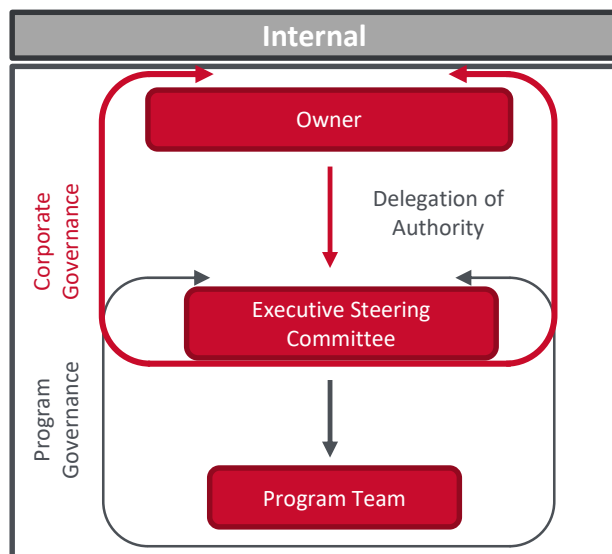


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Attachment 2

Program Governance Frameworks

Program governance frameworks vary in structure and quality of execution. The frameworks can be described, from the perspective of a Program owner, as internal, hybrid and external.

- Internal governance - can be effective if the owner is experienced with the delivery of mega Programs and has the culture and policies to support it.
- Hybrid structures - can be effective if the Program Governance Board has delegated authorities and is comprised of an independent board of qualified professionals.
- External structures can be more effective if the external board complies with appropriate directives of the owner, as shareholder.

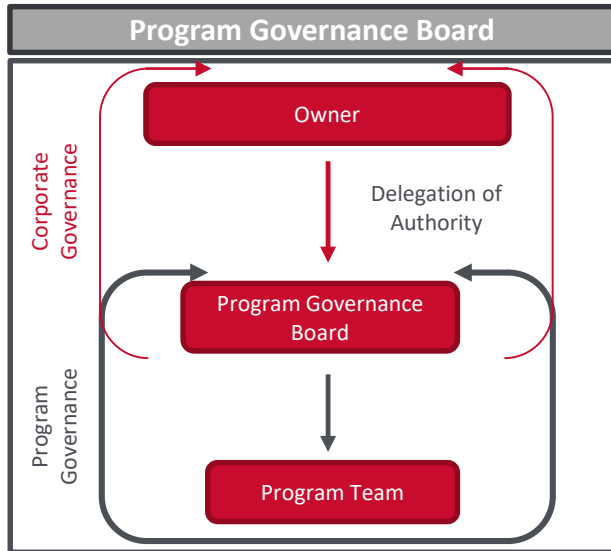


Internal:

- Owner actively involved in framing scope and directing Program leadership throughout planning stage
- Owner typically is involved in construction/delivery stage
- Program steering committee comprised of internal corporate leadership
- Program delivered within existing corporate policy environment
- The existing Green Line Governance Framework is “Internal”

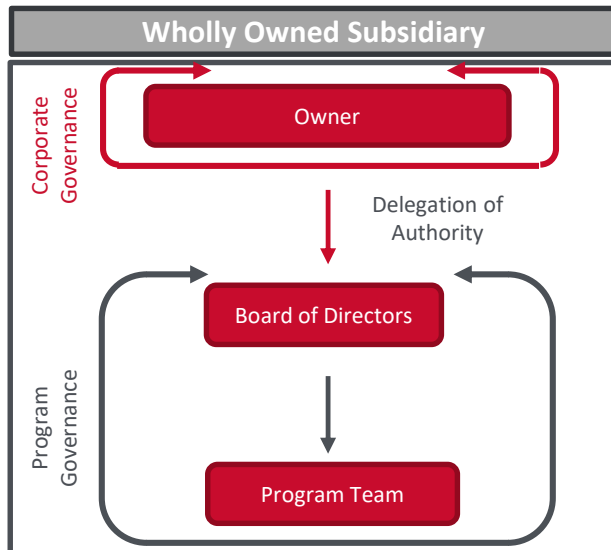


Program Governance Frameworks



Program Governance Board:

- Owner approves mandate and scope and is less active in procurement stage
- Owner becomes involved only when PGB declares, on a forecast basis, inability to achieve goals and objectives
- Program Governance Board, comprised of experienced and independent professionals, requires a clear mandate and delegated authority
- Corporate policy flexibility



Wholly Owned Subsidiary:

- Owner approves mandate and specifies measurable goals and objectives and Program performance
- Owner becomes involved only when WOS Board declares, on a forecast basis, inability to achieve goals and objectives
- Subsidiary board comprised of independent professionals
- Policies are established to support delivery of the Program



Mega-Program Precedents

- Large and mega programs within Canada are often delivered by public sector organizations with internal governance frameworks.
- In British Columbia, mega bridge and rapid transit projects are delivered externally through the Transportation and Investment Corporation (TI Corp).
- Also in British Columbia, the Capital Regional District is delivering a wastewater treatment program with a Program Governance Board
- Programs in Britain and Australia are often delivered with external, single purpose entities.

Internal

- Canada:**
- Green Line
 - Evergreen Program
 - West Edmonton LRT
 - Eglinton Crosstown
 - Confederation Line LRT
 - Hamilton LRT
 - Canadian Large Hydro Programs: Site C, Keeyask, Muskrat Falls

Program Governance Board

- Canada:**
- Capital Regional District (CRD) Wastewater Program
 - Valley Line Edmonton LRT (Procurement only)

External

- Canada:**
- TI Corp: Broadway Subway, Port Mann and Patullo Bridges
 - Canada Line ALRT
 - Montreal REM LRT
- International:**
- UK transit Programs: Crossrail, HS2,
 - Australia transit Programs: Canberra LRT



Assessment of Governance Frameworks



Governance Key Success Factors

Program governance effectiveness can be assessed around 4 key pillars*:

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Authority (Autonomy)

Authority must be delegated to the Program leadership and they must have **autonomy** from public sector operating environment to make decisions.

Alignment (Culture & Policies)

Alignment of the **culture and policies** must be around the Program and not the operating environment. These needs will change through the Program lifecycle.

Disclosure (Transparent)

Disclosure of information must be **transparent** to meet the needs of the public whilst protecting the commercial confidentially required to manage risk. And the Program leadership must proactively and frequently disclose changes in major Program risks to the governing body.

* UK Department of Transport – Lessons from transport for the sponsorship of major Programs



Multi-criteria Analysis - details

	Internal City of Calgary	Program Governance Board CRD	External Wholly Owned Sub
Authority (Autonomy)	<p>Current</p> <ul style="list-style-type: none"> Authority is delegated to the administration however executing on this authority can be impacted by Council direction. Ability to attract and retain qualified management is limited by corporate HR policies. <p style="text-align: center;">√</p> <p>How to Improve:</p> <ul style="list-style-type: none"> Difficult to change. Program managed within The City environment and under Council direction. <p style="text-align: center;">√</p>	<p>Current:</p> <ul style="list-style-type: none"> Program Board has been delegated the authority to achieve the Program objectives and only return to CRD Board if the budget will be exceeded or schedule delayed. Program Board controls cost contingency CRD Board cannot interfere unless the Program Board fails to deliver within its mandate Program Board able to hire program executives and management at market compensation levels <p style="text-align: center;">√√√</p> <p>How to Improve:</p> <ul style="list-style-type: none"> NA 	<p>Current:</p> <ul style="list-style-type: none"> Full authority is delegated to wholly owned subsidiary. Wholly owned subsidiary is able to hire executives at market compensation levels <p style="text-align: center;">√√√</p> <p>How to Improve:</p> <ul style="list-style-type: none"> NA

- √ Needs improvement
- √√ Acceptable
- √√√ Ideal



Multi-criteria Analysis - details

	Internal City of Calgary	Program Governance Board CRD	External Wholly Owned Sub
Account- ability (Focus)	<p>Current</p> <ul style="list-style-type: none"> • Lack of mega program experience at executive leadership level • Competing corporate and program priorities results in lack of focus. • Lack of clarity of role around management of Program risk • Ambiguity around vision and business case objectives • Desire for flexibility – decisions are often delayed and/or changed <p style="text-align: right;">✓</p> <p>How to Improve:</p> <ul style="list-style-type: none"> • City Manager to chair ESC • ESC has augmented skills with external advisors. • ESC members must dedicate significantly more time to oversee Program <p style="text-align: right;">✓✓</p>	<p>Current:</p> <ul style="list-style-type: none"> • The delegation of authority created through the CRD bylaws, ensured the Commission is highly accountable • Absolute clarity of role and singular focus to deliver established in the CRD bylaws • Independent, experienced professionals make up the majority of Program Board <p style="text-align: right;">✓✓✓</p> <p>How to Improve:</p> <ul style="list-style-type: none"> • NA 	<p>Current:</p> <ul style="list-style-type: none"> • Delegation of authority through shareholder letter ensures accountability • Board is independent from Council and The City operations • Board is populated primarily by private sector professionals • Absolute clarity of role and singular focus. <p style="text-align: right;">✓✓✓</p> <p>How to Improve:</p> <ul style="list-style-type: none"> • NA

- ✓ Needs improvement
- ✓✓ Acceptable
- ✓✓✓ Ideal



Multi-criteria Analysis - details

	Internal City of Calgary	Program Governance Board CRD	External Wholly Owned Sub
Alignment (Culture and Policy)	<p>Current</p> <ul style="list-style-type: none"> Corporate culture not aligned with Program culture Difficult to create a Program culture within the City corporate culture Certain policies not aligned with Program requirements i.e. HR <p style="text-align: right;">✓</p> <p>How to Improve:</p> <ul style="list-style-type: none"> Difficult to isolate and insulate the Program from the corporate culture. An inequitable culture could create tension with City staff Policies would need to be reviewed and revised to support the Program requirements <p style="text-align: right;">✓</p>	<p>Current:</p> <ul style="list-style-type: none"> Program environment isolated from corporate environment through delivery. Program commissioning phase demands collaboration between the Program team and Corporate operating team. Policies generally conform with CRD requirements but have been exempted as necessary Contract employees retained with market compensation <p style="text-align: right;">✓✓</p> <p>How to Improve:</p> <ul style="list-style-type: none"> Challenging to make improvements <p style="text-align: right;">✓✓</p>	<p>Current:</p> <ul style="list-style-type: none"> Full alignment internally around culture and policies <p style="text-align: right;">✓✓✓</p> <p>How to Improve:</p> <ul style="list-style-type: none"> NA

- ✓ Needs improvement
- ✓✓ Acceptable
- ✓✓✓ Ideal



Multi-criteria Analysis - details

	Internal City of Calgary	Program Governance Board CRD	External Wholly Owned Sub
Disclosure (Transparency)	<p>Current:</p> <ul style="list-style-type: none"> Reporting is improving in focus and detail yet requires continued improvement Too many problems get escalated due to lack of experience within Program team Difficulty balancing public disclosure requirements with sensitive commercial issues. <p style="text-align: right;">√√</p> <p>How to Improve:</p> <ul style="list-style-type: none"> Difficult to improve <p style="text-align: right;">√√</p>	<p>Current:</p> <ul style="list-style-type: none"> Structured and formalized public reporting Reporting transparent and aligned around Program objectives as well as cost and schedule. There are both public and closed meetings to balance the need for transparency and managing sensitive commercial issues. Reporting requirements established by the Program Board to test and confirm prudent oversight <p style="text-align: right;">√√√</p> <p>How to Improve:</p> <ul style="list-style-type: none"> NA 	<p>Current:</p> <ul style="list-style-type: none"> Full alignment around disclosure requirement. <p style="text-align: right;">√√√</p> <p>How to Improve:</p> <ul style="list-style-type: none"> NA

- √ Needs improvement
- √√ Acceptable
- √√√ Ideal



Assessment of Governance Frameworks

Multi-Criteria Analysis Table	Internal (City of Calgary)	Program Governance Board	Wholly Owned Subsidiary
	Accountability	√√	√√√
Authority	√	√√√	√√√
Alignment	√	√√	√√√
Disclosure	√√	√√√	√√√

- √ Needs improvement
- √√ Acceptable
- √√√ Ideal

Technical and Risk Committee Conclusions and Recommendation

Conclusions:

- **An improved internal governance framework** would be less likely than a Program Governance Board or wholly-owned subsidiary framework to result in a successfully delivered Program;
- **The PGB framework** was, in 2019, not eligible to be implemented as the Municipal Government Act (MGA) prohibited the required delegation of Council's authority. The MGA has since been revised to enable the required delegation of authorities by Council. The PGB is a proven framework that can be efficiently implemented;
- **A wholly-owned subsidiary framework** could be implemented, however, it is more difficult and time consuming to implement.
- **Recommendation:**

Seek Council direction to:

- Implement a Program Governance Board framework; and
- Give three readings to the Bylaw that enables the establishment of the PGB.



Improved Internal Governance

Existing Green Line governance **may** be improved by:

- Improving the capacity of ESC members by including third-party advisors;
- Establishing a strong and distinct Program delivery culture;
- Aligning compensation with market to attract and retain the leadership expertise required.

Given that it is likely that some changes are too difficult to implement, the internal governance framework **may not** deliver the advantages of an independent governance framework, including:

- Singular focus with unambiguous accountability and authority;
- High performance culture aligned with needs of the Program;
- HR policies that enable the attraction and retention of management expertise;
- Controls that align with the requirements of the Program; and
- Individuals experienced in Program governance.



Program Governance Board

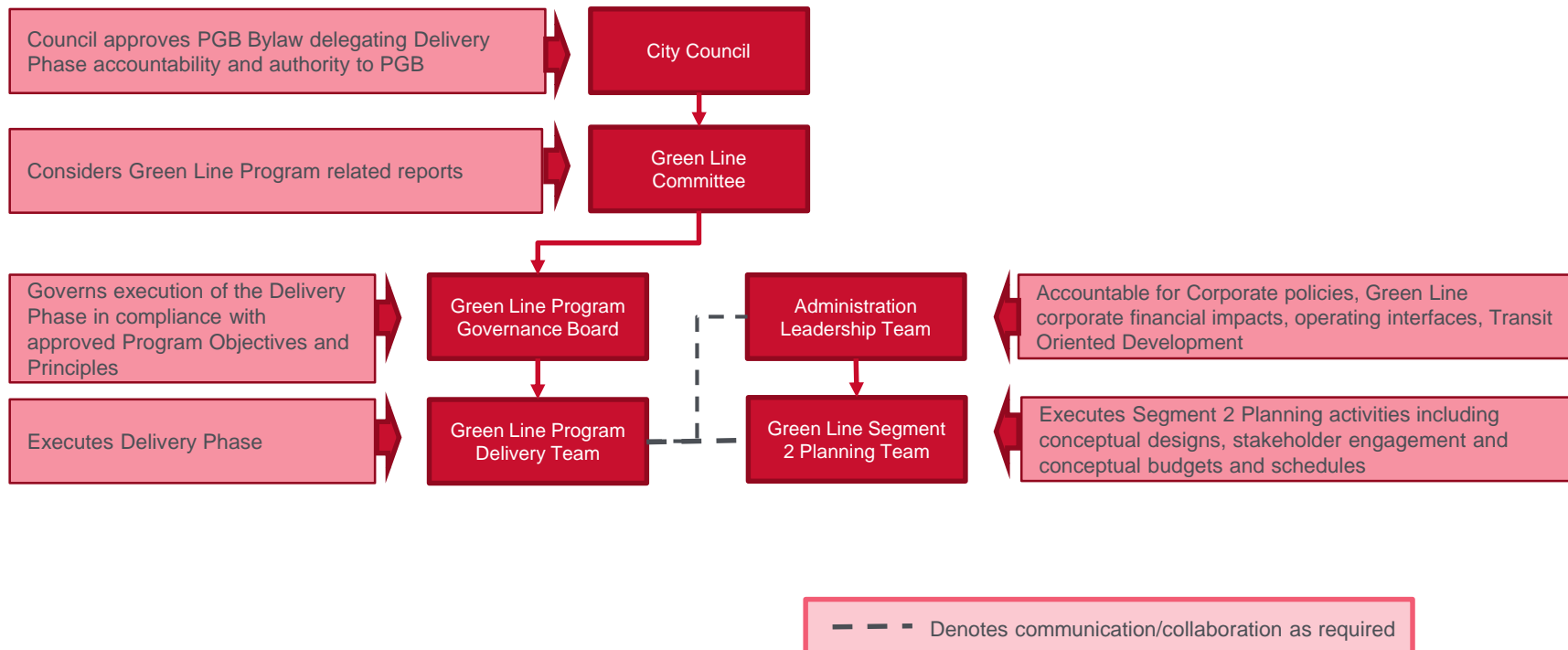


Program Governance Board Focus

- The PGB will deliver the Program in compliance with the overall objectives and principles established by Council.
- The PGB will be singularly focused on the delivery of Green Line Stage 1 for the duration of the Green Line delivery phase, with a planned handover to City transit operations within the first year of operations.
- The City will remain responsible for corporate policies, Bus Rapid Transit expansion, Transit Oriented Development and operating interfaces, and transit operations.



Green Line Governance Framework





Program Governance Board Risks

Transition Risks	Mitigation
<ul style="list-style-type: none"> • Council does not approve PGB 	<ul style="list-style-type: none"> • Seek input and identify the risk of continuing to proceed with the existing governance framework
<ul style="list-style-type: none"> • External and internal stakeholders lose confidence due to lack of understanding of PGB framework 	<ul style="list-style-type: none"> • Ensure merits of the PGB framework are clearly communicated including in the Bylaw
<ul style="list-style-type: none"> • The transition to PGB delays Segment 1 RFP issuance 	<ul style="list-style-type: none"> • Keep Program Delivery Team focused on RFP issuance deadline
Implementation Risks	Mitigation
<ul style="list-style-type: none"> • PGB is unable to attract qualified members 	<ul style="list-style-type: none"> • Engage a search firm
<ul style="list-style-type: none"> • Program performance is inadequate under PGB 	<ul style="list-style-type: none"> • Accountability and authority must be clear and focused and Program team must be motivated
<ul style="list-style-type: none"> • Risk of non-compliance with procurement law and trade agreements 	<ul style="list-style-type: none"> • PGB and Program Team subject to the same law and trade agreements
<ul style="list-style-type: none"> • The PGB and City Administration required to coordinate interfaces: design, TOD, utilities relocation, commissioning 	<ul style="list-style-type: none"> • Set up ALT to coordinate and manage the work between Program Team and The City
<ul style="list-style-type: none"> • Unable to achieve the high level of collaboration required between PGB, ALT and Program Team 	<ul style="list-style-type: none"> • Seek input from ALT early to address concerns



Next Steps (Transition Plan)



Next Steps

Upon approval of the governance framework, small working group led by the inaugural PGB chair and including the City Manager and the Program Director, will:

- Advise Provincial and Federal government of changes to governance framework;
- Develop a transition plan to concurrently implement PGB and Green Line activities; and
- Identify inaugural PGB members and develop PGB manual and structure of periodic reports.



Appendix A

Program Precedents



Program Precedents

Country	Program	Brief Description	Type of Contract	Internal /External	Structure Details
Canada	Eglinton Crosstown LRT	19km light rail transit (LRT) line being constructed from Kennedy Station to Mount Dennis (Weston Road) in Toronto, Canada. Approximately 10km of the line will be located underground and up to 26 stations will be built along the stretch	Design-Build-Finance-Maintain (DBFM)	Internal	Metrolinx is responsible for the planning and delivery of the Program and oversees its delivery through its Planning and Development Group and Capital Programs Group.
Canada	Confederation Line (Stage 2)	44km light rail transit (LRT) line being constructed from Bayshore to Place d'Orleans, and south to Bowesville (Ottawa, Canada). The Stage-2 Program will add 24 stations to the O-Train system.	Design Build Finance (DBF)	Internal	The City of Ottawa was responsible for the planning and implementation phases of the Program. Program implementation oversight was conducted by the City's Executive Steering Committee (comprised of City Manager, as well as Directors from the Transportation Services Department, Rail Construction Program, and Corporate Services).
Canada	Trillium Line South	16 kilometer extension of existing line, with an addition of 8 new stations and 3,000 new park-and-ride spaces.	DBFM	Internal	The City of Ottawa is responsible for the planning and implementation phases of the Program. Program implementation oversight is to be done by the City's Executive Steering Committee (comprised of City Manager, as well as Directors from the Transportation Services Department, Rail Construction Program, and Corporate Services).



Program Precedents

Country	Program	Brief Description	Type of Contract	Internal /External	Structure Details
Canada	CanadaLine LRT	Canada Line is a 19km rail rapid transit system connecting downtown Vancouver, the Vancouver International Airport and Central Richmond. It has 16 stations, two bridges and nine kilometers of tunnel.	Design-Build-Finance-Operate-Maintain (DBFOM)	External	Canada Line Rapid Transit Inc. (CLCO): a wholly-owned and independently governed subsidiary of GVTA, managed the final planning, procurement process, construction and overall implementation of the Program.
Canada	Edmonton Valley Line LRT	27 km (17 mi), low-floor urban light rail line in Edmonton, Alberta currently under construction. The line will be constructed in phases, with phase 1 being the 13.1 km (8.1 mi), 12-station portion between Mill Woods and Street (Downtown) allowing passengers to connect with the Capital Line and Metro Line at Churchill station	Design-Build-Operate-Maintain (DBOM)	Internal	The City of Edmonton's LRT Design and Construction Branch was responsible for delivering the Valley LRT Program.
Canada	Waterloo to Kitchener	Stage 1 of the rapid transit system includes 19 kilometres of tracks, 16 stations and 14 tram sets, on its route from Conestoga Mall in Waterloo to Fairview Park Mall. The Program scope also included 13 Traction Power Substations and the Operations and Maintenance Storage Facility.	DBFOM	Internal	Infrastructure Ontario acted as the P3 Commercial Procurement Advisor and was responsible for the planning and delivery of the Program.



Program Precedents

Country	Program	Brief Description	Type of Contract	Internal /External	Structure Details
Australia	CBD and South East LRT	<p>The Sydney Light Rail (SLR) network, commonly referred to as Sydney Light Rail is a LRT system serving the Australian city of Sydney, New South Wales. The network currently consists of a 12.8km LRT with 23 stations known as Dulwich Hill Line. The extension of existing inner west light rail to Dulwich hill was opened in 2014.</p> <p>The second line, called the CBD and South East Rail is under construction and is scheduled to be completed by 2020. The CBD south east LRT spans 12 kms from circular Quay to Sydney's south eastern suburbs.</p>	DBFOM	Hybrid	Transport for NSW established an SLR Program advisory board to provide assurance, strategic oversight and support throughout the delivery of the Program. Advisory board acted as an intermediary to the Premier, Minister for Transport, and Minister for Roads and Freight in the local government.
Australia	Canberra LRT	12-kilometre line links the northern town of Gungahlin to Canberra and comprising of 13 stops, 14 Light Rail	DBFOM	External	The government agreed to establish an independent, statutory authority to implement the light rail Program and associated development in the corridor. The Light Rail Program Board (LRPB) was an advisory board governed by the Light Rail Program Board Charter. It focused on high-level strategic decisions for the light rail Program.



Program Precedents

Country	Program	Brief Description	Type of Contract	Internal /External	Structure Details
USA	Eagle Commuter Line	30.2-mile Program that consists of two lines- Gold Line from DUS westward : the East Corridor from Denver International Airport (DIA) to Downtown Denver at Denver Union Station (DUS) and the Road in Wheat Ridge.	DBFOM	Internal	Denver's regional transportation authority was responsible for the delivery of the Program.
Australia	Gold Coast Rapid Transit	Rapid Transit Program is a 13 kilometer light rail system connecting Griffith University to Broadbeach and passing through the key activity centers of Southport and Surfers Paradise.	DBFOM	Internal	TransLink, the Regional Transit Authority, entered into an agreement with Gold Coast City Council for the funding and implementation of the Program. A Steering Committee was chaired by TransLink and was the decision making-body throughout the Program.



Program Precedents

Country	Program	Brief Description	Type of Contract	Internal /External	Structure Details
Canada	Broadway Subway	5.7 kilometer extension from existing SkyTrain system to a new station at Arbutus Street.	DBF	External	Program delivered by the Province of BC, through a wholly owned subsidiary with an independent, professional board
Canada	Surrey Langley SkyTrain Extension	16.5 kilometer rapid transit Program that will add 8 stations, 3 bus exchanges, park and ride spaces, 55 SkyTrain vehicles, and an operations and maintenance centre.	DBF	Internal	TransLink, the Regional Transportation Authority currently has the mandate to plan, secure funding and deliver this Program.
Canada	Evergreen Line	The Evergreen Line is an 11-kilometre extension to the existing SkyTrain system in Metro Vancouver, seamlessly integrating with the Millennium Line at Lougheed Town Centre Station.	DBF	Internal	Program Board was established to provide guidance and oversight for the implementation of the Program. Members included representatives from the Ministry of Transportation and Infrastructure, TransLink and Partnerships BC.



Major Program Precedents

Country	Program	Brief Description	Type of Contract	Internal /External	Structure Details
Canada	Hamilton LRT	14-kilometre LRT line that will run through downtown Hamilton, with an addition of 17 new stations.	DBFOM	Internal	Metrolinx is responsible for the planning and delivery of the Program and oversees its delivery through its Planning and Development Group and Capital Programs Group.
Canada	Hurontario LRT	18-kilometre rapid transit system extending into Brampton, with 19 new stations.	DBFOM	Internal	Metrolinx is responsible for the planning and delivery of the Program and oversees its delivery through its Planning and Development Group and Capital Programs Group.
Canada	Reseau Express Metropolitain LRT	Rapid transit system to add 67 kilometers. System will link several suburbs with Downtown Montreal via Central station.	DBFOM	External	CDPQ Infra is a wholly owned subsidiary of Caisse de dépôt et placement du Québec and is responsible for developing and operating the Réseau express métropolitain (REM).



Program Precedents

Country	Program	Brief Description	Type of Contract	Internal /External	Structure Details
UK	Crossrail	Crossrail has procured 116 major contracts, with a combined value of more than £8 billion. As well as the main works packages, this included enabling or advance works, various frameworks, the design contracts, many disparate services, and notably the contract to design, build and maintain the trains which was procured on behalf of Transport for London as the operator of Crossrail.	Multiple Contracts	External	Crossrail defined its governance at two levels: -Corporate Governance – established by the Crossrail Board which sets out delegated authority levels for the Board, its committees and subcommittees as well as the scheme of delegated authorities for the executive directors of Crossrail. -Program governance – which sits beneath this and constitutes all the forums which, in aggregate, control the Crossrail Program in accordance with the Delivery Strategy.
UK	Timetabling for Northern and Thameslink/Great Northern services	The Thameslink Program, originally Thameslink 2000, is a £6 billion Program in south-east England to upgrade and expand the Thameslink rail network to provide new and longer trains between a wider range of stations to the north and to the south of London.	Multiple Contracts	External	Thameslink Program was responsible for development and delivery of the new infrastructure, in accordance with the requirements of the client, Department for Transport, up to the point at which it is accepted by the long-term operators of the infrastructure.



Appendix B

Governance Pillars - Key Success Factor description



Accountability

Elements	Considerations	Attributes
Strategy/Policy	<ul style="list-style-type: none"> Is the accountability for setting and implementing the relevant policy and strategy clear? Is it clear in the governance framework who is the sponsor? Is sponsor clear about accountabilities over the lifetime of the Program? 	<ul style="list-style-type: none"> Unambiguous Clarity of role Set up to maintain stable scope and operating environment Defined values and desired behavior Objective Controls benefits and community impacts, as well as cost and schedule
Requirement setting (owner's requirements)	<ul style="list-style-type: none"> Does the governance framework clearly show who is accountable for setting requirements? Is it clearly shown how the sponsor's requirements are controlled through the Program lifecycle? 	
Execution strategy	<ul style="list-style-type: none"> Does the governance framework clearly show who is accountable for the execution strategy, and how it is controlled through the Program lifecycle? 	
Benefits realization	<ul style="list-style-type: none"> Does the governance framework define accountability for the delivery of benefits? 	
Risk management strategy	<ul style="list-style-type: none"> Does the governance framework define accountability for the management of risk? Is the risk allocation between stakeholders clearly specified? 	



Authority

Elements	Considerations	Attributes
Types of authority	<ul style="list-style-type: none"> Is there a clearly defined delegation of authority? Are critical decisions, reserved for higher-level decision-making, explicitly defined? 	<ul style="list-style-type: none"> Clarity of role and extent of autonomy Defined values and desired behavior Rigorous, objective decision making Must govern benefits and community impacts, as well as cost and schedule Capacity to be “commercial” and to manage with a risk aware culture in uncertain environments
Delegation	<ul style="list-style-type: none"> Does the governance framework set out limits of delegation? Is the delegation of authority appropriate, allowing timely decisions? 	
Decision-making bodies	<ul style="list-style-type: none"> Does the Program director have the ability to make timely decisions required to maintain Program schedule? Are decision-making bodies sufficiently resourced with experienced individuals? 	
Decision-gates	<ul style="list-style-type: none"> Does the execution strategy partition the Program into stages, punctuated by decision points where critical decisions are reserved for the appropriate levels of authority? 	
Decision-making routes	<ul style="list-style-type: none"> Are routine and escalated decision routes clear and efficient? Are approval bodies described in the overall governance framework? Is there an integrated approvals framework? 	
Intervention	<ul style="list-style-type: none"> Does the governance framework clearly identify the triggers for intervention by higher-level decision-makers? 	



Alignment

Elements	Considerations	Attributes
<p><i>Alignment with...</i></p> <p>Corporate governance and target operating model</p>	<ul style="list-style-type: none"> Is the decision on the Delivery Model based on a firm understanding of the target operating model for the asset once in operation? Does the governance framework explain whether the Program can be delivered within the existing corporate governance framework or outline what changes are required? 	<ul style="list-style-type: none"> Program success (meet all KPIs) is most important single objective Must govern benefits and community impacts, as well as cost and schedule Defined communication channels Relationship-building between Program and corporate staff Alignment with funders, stakeholders and the Program is critical
<p>Legislation</p>	<ul style="list-style-type: none"> Does the governance framework describe how alignment with legislation will be assessed? Does the governance framework describe the mechanisms to ensure Program objectives remain aligned with changing legislation? 	
<p>Portfolio priorities</p>	<ul style="list-style-type: none"> Does the governance framework describe how alignment with other Programs in the corporate Program portfolio will be assessed? 	
<p>Stakeholders</p>	<ul style="list-style-type: none"> Does the governance framework describe how alignment with stakeholder interests will be assessed and maintained? 	
<p>Corporate culture and behaviors</p>	<ul style="list-style-type: none"> Has the governance framework been developed in consideration of cultural characteristics of the organizations involved? 	
<p>Funders</p>	<p>Has the governance framework considered:</p> <ul style="list-style-type: none"> whether it is appropriate to include the funders in the governance system? whether funder governance arrangements are a constraint for decisions reserved to them? 	



Disclosure

Elements	Considerations	Attributes
Regular reporting	<ul style="list-style-type: none"> Define the information and reporting requirements for each governance body? 	<ul style="list-style-type: none"> Consistent Establish transparent culture Focused on values, cost and schedule variance Healthy skepticism Attentive to detail Communicate early and automatically
Exception reporting	<ul style="list-style-type: none"> Define the exception conditions and escalation routes? 	
Conflicts of interest	<ul style="list-style-type: none"> Describe how members resolve personal conflicts of interest? 	
Transparency	<ul style="list-style-type: none"> Describe requirements for transparency of how, when and by whom decisions are made? Describe assurance and record keeping requirements, for information upon which decisions are made, and disclosed? 	
Assurance	<ul style="list-style-type: none"> Include effective and independent challenge? Describe how the governance framework will be reviewed to make sure it remains fit for purpose throughout the Program delivery stages? Identify the triggers/conditions for consequential assurance? 	