

UK Project Management Round Up



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INTRODUCTION

The past year has seen some exciting projects complete. The most high profile events were the Queen's Jubilee celebrations and the Olympics. The former showed the world what many observers consider that we do best, major state occasions combined with old fashioned ceremonial. The Olympics, which covered two sporting extravaganzas when the Paralympics are taken into account, was a high risk programme with several unusual features. Against this background, other projects attracted far less attention than they might otherwise receive.

QUEEN'S DIAMOND JUBILEE

As many visitors to UK will know, HM The Queen commands great respect and affection in UK and the Commonwealth so the celebrations to mark her Diamond Jubilee were always going to be spectacular. Members of the Royal Family undertook engagements all over the world as part of these events but the main celebrations took place in UK over the weekend of 2 – 5 June.

Events included many local street parties, entirely informal but all projects in their own right and most seem to have been successful – perhaps the result of close cooperation of project teams. Risks were many and various but the one constant was the threat of poor weather and the weekend was marked by torrential rain. Most local parties went off successfully, including our own local party which coped admirably with a torrential downpour while British Forces in Afghanistan also managed to mark the occasion (see photo right).





Photo courtesy Time Out

More widely, the National events were notably successful.

There were large crowds at all the events, even those that took place in torrential rain – such as the pageant on the River Thames. The actual event was a masterpiece of organization, timing and co-ordination. Hundreds of boats, of all shapes and sizes were reviewed by the Queen, including the Royal Barge (pictured below right), specially constructed for

the event at a cost of £10 million. However, there was widespread condemnation of the television coverage with the BBC coming in for criticism.

While many will say that such pageantry is what we do best in this country, the breadth and scale of the Jubilee celebrations came as a surprise to many who had underestimated the affection in which the Queen is held. The events were magnificently carried out, despite the appalling weather and showed a particular skill at managing such occasions.



Photo courtesy of The Guardian

THE OLYMPICS

The other major events of 2012 were the Olympic and Paralympic Games. Much has already been written on the sporting aspects and in many cases there is a strong project management theme to these successes. Sir Matthew Pinsent, winner of Olympic Gold medals at 4 successive Summer Games, once told me that he and Sir Steve Redgrave (his rowing partner) worked out what they thought the winning time would be at the next Games and by how much they needed to improve each day until the race then devised a plan to achieve that.

However, the key point for this year's Games (both Olympic and Paralympic) was the programme management approach that was adopted. UK's two previous bids had been embarrassingly rejected so clearly a new approach was needed. From the outset, there was a clear commitment to sustainability and legacy. These aspects formed key parts of the original bid document and seem to have been a major contributor to the success of the bid.

The bid showed how a rundown part of east London would be regenerated, with land remediation, wildlife sanctuary, improved communications including underground and over ground rail as well as high speed IT infrastructure. The plan covered economic, sporting and local legacy with a strong emphasis on youth.

The programme was split into several phases with the bid completed in 2005, construction largely finished in 2010 and the testing phase completed in 2011 after running many world rated events in various sporting venues. These tests attracted considerable praise from the International Olympic Committee (IOC) as did infrastructure testing of transport arrangements. The Games themselves took place over the period 25 July to 9 September, with a short period in the middle to adjust venues for the Paralympics. The final phase is the so-called 'Legacy'.

The bid decision was made public in July 2005; the following day saw the most serious terrorist atrocity in London when home-grown suicide bombers detonated 4 devices on London's transport system. This led to a significant increase in costs as additional measures were developed to counter this and other threats.

Costs for the Games were originally estimated at around £2.5 billion but were increased to £9.3 billion broken down under six headings:

- Building the venues and infrastructure — £5.3 billion
- Elite sport and Paralympic funding — £400 million.
- Security and policing — £600 million
- Regeneration of the Lower Lea Valley — £1.7 billion
- Contingency fund — £2.7 billion
- VAT — £800 million.

In the most recent cost analysis, the programme came in under budget with Lord Coe, Chairman of the London Organising Committee for the Olympic and Paralympic Games (LOCOG) able to return some £377 million to the Government. Similarly, the Olympic Delivery Authority (ODA) delivered the venues and infrastructure, at £7.7 billion on construction and transport, a saving of more than £1 billion.

The facilities for the Games were a mixture of new purpose built venues, existing facilities, and temporary facilities. Some of the temporary facilities exploited well-known locations such as Hyde Park and Horse Guards Parade. After the Games, some of the new facilities will be reused in their Olympic form, while such as the Olympic Stadium will be resized. Others will be relocated and some reused in other events. For example, the extensions to the swimming venue have been dismantled and leased to the Rio organizing committee for use in the next Games.

The Olympic Delivery Authority (ODA), established in April 2006 was in charge of the construction of the venues and infrastructure. The ODA was responsible for all construction and infrastructure, principally:

- All Olympic Park infrastructure and site preparation;
- Delivery of permanent competition venues;
- Building the Olympic Village, the International Broadcast Centre and Main Press Centre

- The building of relocatable arenas
- Olympic transport projects
- Permanent works to existing sports venues
- Olympic Park venue legacy conversion

Many of the buildings used as sports venues were temporary constructions and some will be re-used in Rio for the 2016 Games while extensive use of PVC has enabled costs to be kept down. Kirsten Henson, Materials Manager for the London 2012 Olympic Park explained:

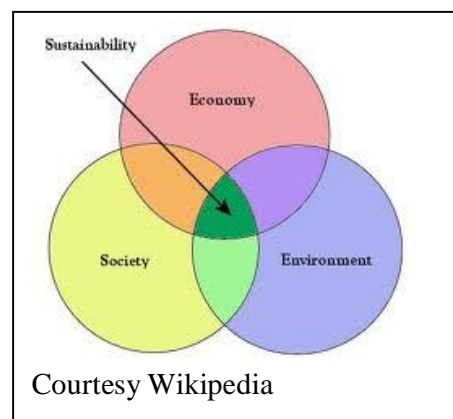
"The majority of temporary facilities created for the Olympic Games including the Aquatic centre temporary stands, basketball arena, Water Polo Arena, and the shooting facilities at the Royal Artillery Barracks, are essentially big tents. Basically PVC stretched over lightweight steel frame. This design solution makes them efficient to install, reduces the need for any significant foundations and are, of course, reusable. We were challenged by the public around the use of PVC; but we considered it to be the right material for certain functions. We therefore challenged the PVC supply chain to have certain environmental performance criteria in place, including a take back and recycle scheme".

There were also environmental policies that saw the incorporation of 45 hectares of wildlife habitat, with a total of 525 bird boxes, and 150 bat boxes. The River Lea and disused canals were enhanced as part of the process.

The Games legacy covers sporting, social, business and infrastructure and is a very good example of Benefits Management. A development corporation has been set up and Lord Coe has been appointed an unpaid 'legacy ambassador' and will lead a new "Olympics legacy unit" to be set up in the Cabinet Office. At the heart of these benefits is sustainability.

Mr Rogge took the opportunity while he visited Prime Minister David Cameron to praise London's forward – thinking approach to legacy, which he said had "raised the bar" by incorporating long-range planning into every aspect of the Games. He said: "We can already see tangible results in the remarkable regeneration of East London. This great historical city has created a legacy blueprint for future Games hosts."

Sustainability is traditionally seen as the overlap of Economy, environmental and societal aspects. So far as the London Olympics are concerned, the economic benefit is the made up of the regeneration of a key part of East London and an expected boost to the economy of some £13 billion over the next 10 years. The environmental aspect might be seen as the remediation of the Stratford area while Society benefits from major infrastructure improvement such as the new rail facilities and wildlife provision. Others view the transformation of the Olympic Park into the Queen Elizabeth Olympic Park as a fundamental part of the legacy.



Overall, the Games are seen as a significant success for British project and programme managers. There has been spin – off benefit for many of the contractors involved, as the Times reported (12 August 2012). The engineering company, Atkins, which designed much of the landscape inside the Olympic Park, has just signed a contract with the London Legacy Development Corporation to oversee the transformation of the site into the Queen Elizabeth Olympic Park by 2014. Earlier in 2012, the company signed a three-year contract worth £70m with the Qatari government to co-ordinate its main infrastructure and transport projects for the 2022 FIFA World Cup and beyond which they believe would not have happened had they not been part of the Olympic Games.

Despite some arguments about the budget, the Games were delivered on time (anything else would have been unthinkable) and under budget. The long term benefits seem to be under firm management control and there have been other notable successes such as the Games Maker volunteer programme which may turn out to be the real legacy of the Games.

The last word deserves to go to Sir John Armit, Chairman of the Olympic Delivery Authority who stated that the success of the construction programme was entirely due to the use of the New Engineering Contract as the sole contract strategy for delivery.

Outlook for 2013

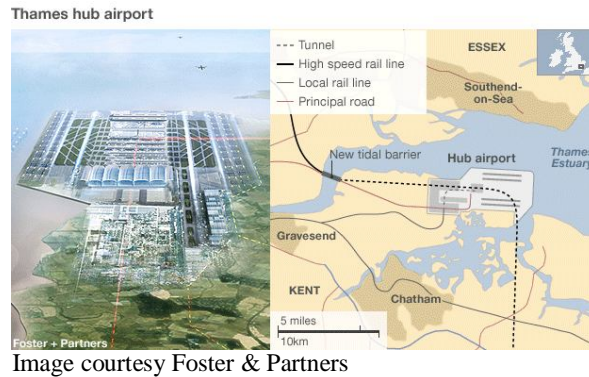
There is no sign that economic conditions will improve in 2013 so some might think that the outlook for projects might be bleak. While there will be pressure on margins and cost control, there is every reason to think that more, not fewer, projects will be run as clients are increasingly seen as the best way to accomplish objectives while controlling use of resources. There is evidence to support the view that the success of the Olympics will increase calls for British project firms to undertake work.

One of the biggest growth areas is the energy sector where a stark outlook on lack of replacement power stations looms. Many old nuclear stations will soon be taken out of service and their generating lives could only be extended by expensive and short term projects. New Nuclear looks to be as far away as ever with no positive decisions on the horizon. Last year, RWE npower and E.ON withdrew from the Horizon joint venture to build 6 new reactors in Anglesey and Gloucestershire in the aftermath of the German Government decisions to withdraw from nuclear power in the wake of the Fukushima disaster. Estimates put the cost of work at EDF Energy's Hinkley Point at £14 billion, a 40% increase according to the Times (2 January 2013) so finance is a major issue. All the consortia are seeking substantial support from the UK Government, a subsidy known as the strike price. The negotiations do not seem to be making much progress so it looks like there will be no major new nuclear projects in 2013.

There is renewed speculation that London's overcrowded airports might be supplemented by expansion at existing sites such as Stansted. The Mayor of

London, Boris Johnson, has advanced three options, including a new airport in the Thames estuary. This option is expected to cost something like £50 billion and has been dismissed by the Government. Expansion at Heathrow and Gatwick seem to have been ruled out which leaves remaining airports such as Stansted and Luton as possible alternatives.

Reports appeared in the press in December that Mr Johnson has ordered a £3 million feasibility study into the development of Stansted in an attempt to block further development at Heathrow, the subject of an inquiry headed by Sir Howard Davies which is due to present its interim report by the end of 2013 and then a full report in summer 2015 – after the next general election.



Finally comes news that the World Bank is investigating more than 100 companies, including some British firms according to the Times (17 Dec 12) over claims that they have paid bribes to win work on development projects. The World Bank has a well known policy of blacklisting offending firms and dozens have already been excluded as the Bank intensifies its efforts to eliminate corruption in recipient countries. This comes against a background where some of UK's most prestigious companies have been accused of paying bribes to win overseas projects. Rolls Royce has been accused of paying bribes in Indonesia. The allegation by an ex-employee is that Rolls Royce paid \$25million to an Indonesian business man to help secure a \$420 million order for Trent engines for 6 Airbus A330 aircraft ordered by Garuda. The company had been accused of paying a \$20 million bribe to the son of a former Indonesian President. These events are alleged to have taken place in 2010. Interestingly, Rolls Royce had won an order in 1989 to provide engines for Garuda's first Airbus order.

So an interesting 2013 awaits project managers in UK.

About the Author



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Miles Shepherd is an executive editorial advisor and international correspondent for PM World in the United Kingdom. He is also managing director for MS Projects Ltd, a consulting company supporting various UK Government agencies, nuclear industry organisations and other businesses. Miles has over 30 years' experience on a variety of projects in UK, Eastern Europe and Russia. His PM experience includes defence, major IT projects, decommissioning of nuclear reactors, nuclear security, rail and business projects for the UK Government and EU. Past Chair and Fellow of the Association for Project Management (APM), Miles is also past president and chair of the International Project Management Association (IPMA). He is currently the Chair of the ISO committees that are developing new ISO 21500 Guidelines for Project Management and for Program/Portfolio Management. He was involved in setting up APM's team developing guidelines for project management oversight and governance. Miles is based in Salisbury, England and can be contacted at miles.shepherd@msp-ltd.co.uk.