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UK Project Management Round Up

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The Economic Crunch begins to bite

Amid reports of world renowned banks failing and governmental intervention in national financial institutions, the impact of the global credit crunch on projects has not been fully reported. While there is a slow down in many project based business sectors, such as house building and construction generally, there have been few reports of projects being directly affected. However, the London Olympics programme reports two problems. First, a lack of skilled workers is causing work to fall behind schedule. A fast track training scheme is being implemented to develop basic construction skills.

The Times newspaper reports (23 Sep) that the Olympic Delivery Authority (ODA), the London Development Agency and other partner organisations are spending £20 million on increasing the skills of British construction workers to meet the needs of the Olympics – this represents nearly a quarter of their training budget for Games. This skills shortage is exacerbated by the return of migrant workers from Eastern Europe to their home countries. **Andrew Teacher**, spokesman for the British Property Federation was quoted in the Times as believing likely that British builders laid off from the private sector would move across to fill the gaps in public sector building projects

More worryingly, loans needed to fund building projects have dried up. Recent newspaper reports claim that funding for a £400 million media centre is threatened by the lending problems. Other projects are also reported to be experiencing funding problems. Planners are struggling to fund the £1 billion Athletes Village, the largest single component of the construction programme. According to the Times, without private financing, the Government would be forced to raid the £1 billion contingency fund. Other reports claim the contingency fund to be around £2 billion and that it has all been committed.

Wind of Change in Power Projects

One of the drivers behind the current financial crisis is the cost of energy. As its dwindling supply of local, cheap oil and gas is used up, Britain looks again to coal and nuclear power to provide the energy to keep the country competitive. However, few citizens want a coal fired power station in their back yards – and they want a nuclear power plant even less. Despite this lack of enthusiasm, the Government regards both sources of energy as vital to the UK economy. John Hutton, Business Secretary, claimed at the Labour Party Conference that an international battle for energy security was emerging as one of the most significant threats to British competitiveness. Speaking shortly before the £12.4 billion sell off of British Energy, the beleaguered nuclear power supplier, he highlighted other energy sources, emphasising the availability of coal.

The sale of British Energy to EDF, the French owned power giant has caused howls from the UK Press who fear higher energy prices to subsidise French prices. Less obvious is the damage this deal has done to British engineering. The Daily Mail (25 Sep) claimed that the Government had consistently neglected the engineering industry and they now face being squeezed out in the race for infrastructure contracts as the main contractor Areva is likely to favour those largely French suppliers it knows over the likes of AMEC, WS Atkins and other experienced British nuclear contractor.

Talking about alternative sources of energy, perhaps the Westminster administration will take a leaf out of the Scottish book and look to the skies for new supplies. The Scottish parliament announced plans for Europe's largest onshore wind farm to be sited between Biggar and Moffat in south Lanarkshire. The Clyde wind farm will hold 152 turbines, each over 100 metres tall and is estimated have an output of 456 megawatts, sufficient to power 320,000 houses.

Transport Projects

Speculation is rife around London's Heathrow Airport that a third runway has been secretly agreed. According to Siobhan Kennedy and Fiona Hamilton (Times 23 Sep), Ministers are pressing ahead with plans for a highly controversial third runway at Heathrow and intend to approve the expansion before Christmas. This despite the continuing public enquiry sifting through tens of thousands of public submissions on the airport's proposed expansion. Kennedy and Hamilton claim that senior figures have already decided to sanction it.

While the row over Heathrow flares, the Government has called in planning applications for second runway at London's Stanstead Airport. A public inquiry would be held in due course according to a press release from the office of the Communities and Local Government Secretary, Hazel Blears. Project Director Roger Pellman welcomed the news, saying "There are huge social and economic benefits to be enjoyed from the development of a second runway at Stanstead for the East of England, London and for the UK". Local councils claim

the development would triple the number of passengers and cause irreparable damage to the immediate environment.



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