

**PM WORLD TODAY – REGIONAL REPORT – UK****UK Project Management Round Up  
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**Implications of the Financial Downturn on Projects**

A week may be a long time in Politics but even a day can be a long time in the financial world. The past month has seen Governments from many countries stepping in to save their national banking systems and prevent financial meltdown. As reported last month, the UK Credit Crunch continues to impact projects both large and small – not only in UK but beyond. The interconnectedness of business and finance brought about by Globalisation is having some unexpected results on projects as well as on international businesses.

As an example, Wolseley, the UK based buildings materials group is closing around 1 in 4 of its Stocks Building Supplies outlets in the USA and cutting 3000 jobs. The important point is not just the job losses but the fact that this is a major restructuring of the US part of the Group and will require some skilled and experienced programme managers to bring about the changes. And all this is set against a balance sheet loss of US\$120 million this year, an expected further US\$120 million next year and restructuring costs of US\$225 million.

This programme also needs to take account of the potential upswing in the US economy with its expected improvement in the US housing market which most analysis expect to come, they just don't know when it will occur. So the programme planners have to balance cost cutting, staff losses and stock run downs against plans for rapid expansion to exploit major market changes. Some considerable judgement will be needed – and who is to provide this, in-company Programme Sponsors or Programme Managers?

More locally, the financial downturn is affecting Local Government. Always short of funds to meet project demands, some £900 million of English and Welsh Councils is locked in Icelandic banks. While day to day operations are expected to continue, some longer term projects may be affected. Little is being said publicly as talks to free up funds continue.

## Olympic Credit Woes

Higher, longer, faster may be the mantra for the world's athletes but it is taking on a different meaning for the planners of the London Olympics as higher interest charges, longer build programmes and faster evaporation of corporate sponsors impacts on the overall programme. According to reports in the Times (24 Oct) the budget is some £500 million (currently US\$770 million) short of planned private sector funding. This means that potentially half of the Government's £1 billion contingency is already committed. Olympics Minister **Tessa Jowell** expects to go back to the banks when terms are more favourable. Noting that some risks materialise and others do not, Jowell pointed to the full assessment of financial progress in the quarterly updates, the next of which is due in December.

Not all is doom and gloom and for many people from the local area around the Olympic Park, the news is that of the 2700 workers currently on site building the venues and infrastructure for the Games, nearly a quarter of these live locally and around half are from London.



The Olympic Delivery Authority also announced in October that a contract for monitoring and tracking logistical vehicles travelling to and within the Olympic Park has been awarded to **Logica**.

The Delivery Management System Vehicle Tracking Module is expected to be crucial in improving security for deliveries and reducing congestion in and around Stratford, Hackney and Leyton by tracking and regulating vehicles travelling to and within the Olympic Park. The new system will also collate information, and allow the ODA to forecast future demand.

ODA Director of Construction **Howard Shiplee** said: 'Reducing the impact upon the environment is very important to the ODA. We have a target of delivering 50 per cent of materials [by weight] to the Olympic Park by rail or water. However,

where this is not possible, we are getting systems in place to reduce the impact of having vehicles on the roads.

## Energy Outlook

While the Government ponders the future for energy supply in UK, it becomes clear that existing power plants will need to continue their output to meet demand while new, hopefully cleaner forms of energy come on line. **Drax Group**, owners and operators of UK's biggest coal fired power station announced last month that it is joining Siemens in a joint venture to develop 3 biomass-fired generators in Humberside and Yorkshire. Estimated costs are likely to be of the order of £2 billion.

The increased capacity should bring Drax's share of the UK generation market to about 10% but more significantly it should also reduce their spending on carbon permits. However, this comes at a price as Drax have reported that from 2010 they will only return 50% of any operating excess to share holders.

## Professional News

As we were going to press, the **Association for Project Management** (APM) was setting up its annual Conference at London's prestigious Brewery in the heart of the City. Centred on the theme of '**Success through Projects**' the two day event will be setting the project management agenda for the year to come, and is billed as a top opportunity to get up to date with the latest issues facing project management. This year's programme is boosted further by keynote speakers Sir **David Normington** (Permanent Secretary, Home Office), **Neville Bain** (Chairman, Institute of Directors), **Nigel Smith** (Chief Executive, Office of Government Commerce).

APM will be holding their high profile Awards Dinner at the Brewery. The full list of finalists is available at <http://apm.org.uk/Awardsfinalists.asp> and APM will also announce winners of:

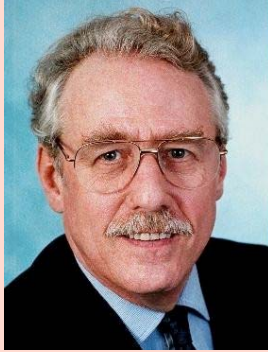
- The Sir Monty Finniston Award for lifetime achievement
- The Herbert Walton award for the best doctoral academic research into project and programme management undertaken during the year
- The Brian Willis award for the highest APMP examination mark

October saw the launch of a new service for APM members. A direct email news letter supplements the well known *Project* magazine and its *network* supplement that highlights member activities. The latest communications tool is a response to member preferences tested in the recent members survey. Highlights in this month's issue include calls for:

- entrants to the Student Weekend sponsored by BAE Systems
- guinea pigs to trial the APM Competence Framework
- independent contractors to take part in an in-depth interview on APM's chartered proposition

The UK Chapter of the **Project Management Institute** have held a number of events recently, including a presentation on Agile Methods ...and why all IT project and programmes should be using this approach at their London meeting. The major event for the year, their International Project Management Day, comes up on 6 November. See PMForum Events Calendar for details. Full details of the Chapter programme may be found at

<http://www.pmi.org.uk/events/index.asp>.

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