



MAJOR PROJECTS
ASSOCIATION

MANAGING THE NEEDS OF GOVERNMENT AS THE CLIENT

Report of seminar 152 held on 19th November 2009
at 1 America Square, 17 Crosswall, London

SUMMARY

KEY CONCLUSIONS

- In the private sector, professionals want to be clients; they tend to be more direct because of accountability, whereas in the public sector, without a single voice of authority, clients can struggle to provide the lead for projects.
- The lead for a major government project may not be a single person, and even if it is, that person may have little experience of projects and have limited authority.
- A greater difference is found between regular/routine clients and 'one-off' clients, rather than between government clients and the private sector.
- Government clients are held to account over many measures, some of which are not applied in the private sector.
- There is increasing pressure to 'audit to death' and provide assurance. Professionals should be left alone more, and allowed to deliver.
- Major government projects are long term and will see more than one government in office.
- Some clients are now beginning to drill down the supply chains and examine across projects to gain new efficiencies.
- European governments initiate many projects which are driven by economic benefits of linking communities.
- Projects which have been purely political have been a disaster and (European) clients should be brave enough to stop projects which are not sound.
- Comparison shows that the UK does have some best practices.
- The global situation shows that whilst the supply chain is not growing, major economies and cities are, with consequent pressure for best resources.
- In the Middle East and North Africa it is essential to have relationships at all levels and to know who the decision makers are. Expectation management is a full time job.
- Although it is really difficult, government clients can be coached – but they must be allowed to follow their correct procedures.
- Suppliers should present a solutions mindset, undertake a campaign management approach to deal with the scale of project, endure staying power to cope with several years of procurement, listen to clients, rethink answers to technical problems, and articulate innovation and value for money.

With government responsible for spending public money, this full day seminar looked at the factors that make working for government different from working with commercial clients. The leaders of major government projects face different challenges to those in the private sector and have to negotiate particular processes and approvals procedures to ensure transparency, value for money and accountability.

For example, opportunities for internal scrutiny such as Gateway Reviews are not always obvious or visible to contractors and supply chains. Public sector projects are often 'one-off' procurements for the department or agency, and may be led by persons not broadly experienced in procurement or delivery.

Added to this, personnel may change due to the project post being time limited, or for career progression reasons.

With presentations from speakers on both sides of the client/supplier divide the seminar focused not just on managing the needs of government as the client for major programmes and projects, but on the required characteristics to be a good client. It also considered the importance of the contractor or supplier knowing how decisions are reached, for instance on the project requirement and funding source.

Vice Admiral Tim Laurence, who chaired this event, noted the importance of the issues at a time of economic downturn and uncertainty in the lead up to the 2010 General Election.

THE ICE GUIDE TO CLIENT BEST PRACTICE

At a time of likely cuts in public spending, the case for improving efficiency and value on infrastructure projects funded by clients such as central government, local government authorities and regional development agencies has never been greater.

The first presentation from representatives of the Institution of Civil Engineers (ICE) looked at how their recently launched *Client Best Practice Guide* will play a vital role in the move to a more efficient public procurement and delivery culture.

The ICE client guide is a one-stop reference and route map for achieving best practice from a construction client's perspective. Developed by a panel made up of professionals from across the spectrum of client, contractor and consultant organisations, professional associations, academics and business specialists, the guide is a distillation of what best practice is and why it matters.

The guide provides an encapsulation of the client role through the essential stages of a project from pre-planning through development, implementation, operation and decommissioning, and explains how to positively influence project success at all stages. The top 10 items for success are outlined, with a comprehensive checking system for each.

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The broad aim is to enable construction clients to answer the following questions:

- Am I using best practice?
- How can this be assessed?
- How does this lead to project success?

It also includes a self-assessment maturity model: [ClientMAP](#). Containing 200 nuggets of best practice, ClientMAP is a rapid, accessible and consistent assessment tool that helps clients assess their own readiness and ongoing capability to lead construction projects.

The guide will never supplant the experience and personal judgement that individuals can bring to bear, but is a useful tool for organising process and procedure.

LESSONS FROM EUROPE – CLIENTS' PERSPECTIVES

The presentation from the Department for Transport looked at experiences of governments as clients across Europe, drawing on the research work of the Network of Large Infrastructure Projects in Europe (NETLIPSE), which disseminates knowledge on the management and organisation of large infrastructure projects (LIPs) in Europe.

NETLIPSE started as a two-year research programme and ran from May 2006 to May 2008. It initiated a network with member states, universities, research institutes, project delivery organisations and private consultancy companies and is essentially a network of all the partners involved in the delivery of large infrastructure projects for the exchange of knowledge.

The research looked at 15 major projects across Europe, including the UK's West Coast Main Line.

It was found that in the initial stages:

- Many projects did not have clear business cases and some lacked defined output requirements.
- Projects need to be managed as a whole to deliver the necessary outputs.
- In many projects, the scope and costs were ill-defined.
- Cost control was good after the scope was fixed, but problems arose when costs were publicly announced before scope had been fixed.
- A consensus of need for the project is critical because major projects usually last longer than governments.

At client and project delivery stage it was found that:

- Respective roles and responsibilities should be clearly defined.
- There is a need for competence in the client as well as the contractor.
- Cost and scope control mechanisms should be defined.
- Effective management of LIPs needs a hybrid approach which combines control with interaction.

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The NETLIPSE initiative has been extended from June 2008 to December 2010, principally to assist the members of the European Union to address the need for a Trans-European Transport Network (TEN-T). This second phase is also designed to develop the Infrastructure Project Assessment Tool (IPAT). This tool is of interest to the European Commission in bringing projects to reality, as it can be used for evaluation of LIPs, as well as monitoring and benchmarking during the programme or project.

The goals of the extended programme were outlined, and it was explained how it will help the organisations involved in LIPs.

The presentation concluded with examples of problems with various government-sponsored European projects, for example where the projects had not been managed properly, or were started for political reasons without a detailed business case, or where specifications did not match the desired output.

INTERNATIONAL EXPERIENCES FROM THE MIDDLE EAST AND NORTH AFRICA

Through their extensive experience with major capital projects and programmes in the Middle East and MENA region (Middle East and North Africa), AECOM discussed lessons learned, key experiences and industry trends over the past few years in this area of the world.

The topic was set in the context of the global forecast for the infrastructure construction industry, which presents significant opportunities in many regions. For instance there are extensive programmes and large amounts of money to be spent on the supply of water, transport and energy in the period 2008–32, and the need for the skills required for all aspects of project delivery and supply. MENA covers a very large region of 20 countries, extending from Morocco in Northwest Africa to Iran in Southwest Asia. It generally includes all the Arab, Middle East and North African countries, as well as Iran and Israel (but not Turkey) and the population comprises about 6% of the total world population. The region's GDP is about \$2.2 trillion, which is about 80% of UK GDP, but with a population six times the size of the UK.

The presentation looked at the characteristics of MENA clients and how these contrast with those in the UK in terms of management of expectation, speed to market, supply chain management, commercial dealings and strategies, legacy considerations, and owner/agency development throughout the MENA region.

In general, project owners tend to be empowered, are not on a four or six-year election cycle and want to leave a lasting legacy in terms of a sustainable economy and civilisation. Leadership and governance is strong in most of the region. Project clients have clear goals and are keen on their priorities for improving learning and providing the infrastructure for the development of their respective countries. However, it was noted that owners of programmes and projects may have a slightly different set of priorities from those in the *ICE Client Best Practice Guide*, which makes executing and delivering a capital programme both interesting and complex compared to traditional experience in the UK.

This presentation considered some of the issues faced by the Highways Agency, an executive agency of the Department for Transport (DfT) responsible for operating, maintaining and improving the strategic road network in England on behalf of the Secretary of State for Transport. Its principal aims are the provision of safe roads, reliable journeys and informed travellers.

Congestion on England's motorways and strategic road network is still rising but it is no longer environmentally or economically sustainable to continue investment in motorway widening. As a result, the Agency is adopting alternative solutions linked to technology based solutions aimed at reducing congestion and overall build cost. One example is through investment in the traffic officer service, which allows the Agency to deal quickly with incidents and keep traffic moving.

Another scheme is the concept of Managed Motorways, involving controlled speeds and the use of the hard shoulder during times of congestion. First launched on the M42, and now being rolled out across the network, outcomes of the Managed Motorways scheme include significant cost reductions on conventional widening, improved safety and traffic flows, and reduced emissions.

In parallel, the Agency has been reviewing its approach to capital delivery, against a backdrop of increasing demands from the Government to deliver even greater value for money (VfM) from its £9 billion capital programme up to 2014. It was noted that compliance with procurement regulations is a key government expectation, and as a government agency the Highways Agency has an obligation to lead by example.

The Government's additional VfM demands have involved a rethink of the Agency's contracting strategies, moving from delivering schemes on an individual basis using the early contractor involvement delivery model towards an integrated supply chain model based on collaboration. It was explained that a key part of the strategy is to make the Agency an intelligent construction client, which includes not only the commercial aspect in terms of cost, but also in relation to factors such as health and safety and environmental issues.

This new approach has been reflected in the procurement and delivery strategy for Managed Motorways. This scheme also lends itself to a programme approach, collaborating with the supply chain and essentially working as one virtual team.

ENGAGING THE GOVERNMENT AS A CLIENT: OBSERVATIONS AND APPROACHES

Post the 2010 election, with all parties acknowledging there will be an era of significant public sector expenditure restraint, it is inevitable that both clients and suppliers will have to 'up their game' in terms of bidding, negotiating and delivering government programmes.

However, the specific requirements, circumstances and idiosyncrasies of government contracts and procurement processes imply that government clients are best engaged in particular ways. Drawing on lessons and experiences from its position as a major supplier to the Government, QuinetiQ looked at why government business is worth competing for, and considered approaches that seem to work well.

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For example QinetiQ has invested in its approach to key account management, which includes nominating the formal points of contact with which to interface with customers. It also involves understanding how the customer's hierarchies and processes work, and what constitutes the key business drivers.

A fundamental understanding of how the public procurement system operates is important, as is seeing both content and process from the Government's side of the table – winning solutions cannot be crafted without being able to relate to the buyer's needs and frame of reference. Being prepared to adopt a solutions mindset throughout the life cycle of the programme to help the client achieve their goals and solve their business problems is essential.

Some of the lessons learned from specific government contracts were discussed. For example the ability to be flexible is crucial when dealing with an organisation as large and complex as the Government, as is the ability to understand what is required to keep a programme moving forward when requirements change.

In conclusion, a few points were made about how the Government might improve its role as a client. For instance, it would be beneficial to both client and supplier if procurement cycles and the cost of the competition processes were reduced. Also, clients need to take an active role in solution development and delivery – the most productive relationships are those that solve problems and achieve business ends as the programme proceeds.

CONCLUSION

Through the presentations, subsequent discussions and a panel debate, a number of themes emerged from the seminar, including:

- The pressures on governments as clients from increasing assurance needs and multiple stakeholders.
- The need to encourage clients to follow the guides to clienting produced by the industry's professional bodies.
- Systematic learning, for example from one project to another, coordination between public sector agencies and making sure that the lessons are carried through.
- The need for a single point of reference and authority in the client organisation and efficient handover of responsibility when people change jobs.
- Confident and experienced contractors and suppliers may need to lead and guide the public sector client.
- Partnering and alliancing contracts work well, but current long-term PFIs may require more flexibility to ensure continuing improvement in performance and value for money.
- Cultures and clients in different parts of the world may require different management techniques for successful delivery of programmes and projects.
- Both client and supplier should aim to increase their intelligence by closer interaction.



PARTICIPATING ORGANISATIONS

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Risk Solutions
Siemens IT Solutions and Services Ltd
Shadbolt and Co LLP
The Nichols Group
Transport for London
Turner & Townsend

Martin Barnes wanted to disagree with Mike Nichols' analysis of the crucial roles in a programme or project. There was a risk in saying that major projects were being held back because of the clients. He did not think any group of people providing a service to the rest of the community could shelter behind the statement: 'The trouble is that our clients do not understand us.' As industry professionals, members of the MPA ought to know how to manage their clients in such a way that they performed well.

He did not like to think there were client delegates going away from the seminar thinking that it was all their fault. There was probably no industry where you could get away with saying that. You could hardly put on a good play in the West End and then say the only problem was that the fools did not come to see it, or be a car manufacturer and say, 'We produce very good cars, but nobody ever wants to buy them.' Occasional clients could be a problem, but a competent and broadminded project manager would see their job as helping the client to make the right decisions.

Mike Nichols replied that he was not saying all programme and project problems were due to clients; all three of the parties mentioned had crucial roles and their own accountabilities. The Association for Project Management (APM) regarded clienting as a vital part of project management – it comprised a sponsor role, a manager role and the usual operator role.

The APM had just published a new guide to sponsorship, at the same time as the Institution of Civil Engineers but with a slightly different emphasis on the governance aspect of projects and programmes. APM members had quite a lot of experience of undertaking sponsorship on an interim basis for organisations and then transferring the necessary knowledge to sponsors as they were brought in and trained. They were doing that, for example, in conjunction with the DfT.

The Chairman said as a final reflection that he had learnt over the last few years how extremely difficult it was to be a good client. This was because there were so many conflicting pressures, including difficulties over funding and the problems in getting decisions out of Ministers. He recognised that the public sector's performance as client was patchy and that it could learn much from suppliers and seminars of the kind that MPA hosted.



CHAIRMAN'S CLOSING REMARKS

Vice Admiral Tim Laurence CB LVO ADC(P) CSM – Chairman

Today's seminar has focused not just on managing the needs of government as the client for major programmes and projects, but on the required characteristics to be a good client. I think it has been a very fruitful meeting and would like to thank, not only the speakers who gave us such insightful presentations, but the MPA for putting on such a useful event.

Some of the key themes that came out of today's seminar were:

1. The difference between regular and occasional clients and the pressures on governments as clients from increasing assurance needs and multiple stakeholders.
2. The need to get clients to follow the excellent guides to clienting produced by the industry's professional bodies.
3. Systematic learning, for example learning from one project to another; coordination between public sector agencies and making sure that the lessons are carried through.
4. The need for a single point of reference and authority in the client organisation and efficient handover of responsibility when people change jobs.
5. Confident and experienced contractors and suppliers may need to lead and guide the public sector client.
6. Partnering and alliancing contracts work well, but current long-term PFIs may require more flexibility to ensure continuing improvement in performance and value for money.
7. Cultures and clients in different parts of the world may require different management techniques for successful delivery of programmes and projects, but the opportunities are enormous.
8. Both client and supplier should aim to increase their intelligence by closer interaction. Where possible monitoring and benchmarking will enable organisations to compare themselves with 'best practice'.