

Management Consultants: Case Study 1

Department for International Development - St Helena Air Access

Introduction

St Helena (population 3,900) is one of the world's most isolated inhabited islands. It lies in the South Atlantic 4,000 miles from the UK and 1,700 miles from Cape Town. It is off shipping lanes and is currently accessible only by sea from Africa or Ascension Island on the subsidised Royal Mail Ship, RMS St Helena, which is due to be retired in 2010.

Following extensive studies by Atkins, the Department for International Development (DFID), a part of Her Majesty's Government (HMG), agreed in March 2005 to provide air access.

The feasibility study and business case, headed by Atkins' Management Consultants team, relied heavily on technical and cost inputs drawn from experts across the Group.

It called upon Atkins' multidisciplinary skills in:

- aviation
- geotechnical, civil and environmental engineering
- market research (demand for tourism, travel costs, sources of sea cargo supply)
- social and institutional impact
- financial/economic and probabilistic risk modelling
- knowledge of procurement

Close liaison with the airport operations regulator ensured a safety-led approach to the process.

Outputs we deliver to our clients

The recommendation to DFID and the St Helena Government (SHG) was for a design, build and operate (DBO) solution.

Operating Boeing 737-800 aircraft, or similar, the airport will enjoy regular scheduled services by 2010. For the one viable site, Prosperous Bay Plain, Atkins produced an outline design for a 1,950m runway - backed up by surveys and core sample extraction.

The business case relies on the take-up of tourism, so St Helena must prepare for change on a scale not yet seen in its history. Its challenge is to remove itself from subsidy, which the study showed is achievable.

The study provides the strategy - to be led by Atkins - for the procurement of a DBO consortium and an air service provider. Public competition will be used to identify suitable contenders and maximise value for money.

The study also identified institutional, legislative and regulatory arrangements needed to support air access and effect radical economic change through tourism development. It shaped DFID/SHG's approach to procurement of contractors and to development of the island's economy, including:

- management arrangements
- strategic planning
- government reform
- investor codes
- social development

It therefore enables forward planning in a comprehensive and highly practicable way.

Our approach

Co-ordination of the outputs of large multi-disciplined teams with the contributions of DFID and SHG demanded rigorous project management and effective client interaction, frequently on a daily basis and spanning large geographical distances. Principles of the PRINCE2 approach to project management were applied to the three phases of work.

Detailed project plans assigned resources and split tasks and activities into manageable work streams. Every piece of work submitted was reviewed by the Project Manager to ensure quality of output.

Risk and issues lists were maintained throughout, addressing client project perspective and Atkins' commercial requirements.

A web site was developed to facilitate the international public procurement process, the main channel for which was the Official Journal of the European Union (OJEU).

The principal plank of innovation in this exciting project, which will have a very real impact on the lives of island's inhabitants - and on world tourism - was the combination, under one consulting roof, of the engineering capability and the commercial analysis.

The chosen airport location, represents a difficult site for conversion to a long level platform for a runway. Teams of surveyors and geotechnical engineers were therefore dispatched to study the site prior to the start of the engineering and design process.

The commercial view was established by researching the scope for tourism and by comparing how similar islands had been developed as a result of air access. The impact on the life of St Helena was studied by a further visiting team.

All of the consulting outputs fed into a complex financial/economic model, which was subjected to Monte Carlo risk simulation, producing confidence envelopes for revenue and spend profiles.

Outcomes we deliver to our clients

The quantifiable outcomes were generated by modelling the economy for the three access options. The results showed that UK Government financial support for the island could reach zero by 2025 under the 1,950m runway option (mean risked date); by 2045 using only business jets on a shorter runway; and would never be achieved if it was decided to replace the retiring mail ship.

Intangible benefits for the islanders include:

- lifting of morale
- dramatic improvements to family and community life
- opportunities for employment and income generation
- institutional and infrastructure improvements