# MONTHLY MONITOR

## December 2018

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## Economic analysis of Brexit scenarios:

■ **HM government** published economic analysis it has undertaken of 'EU exit' under different scenarios, with the objective of providing parliament and the public with an assessment of the long-term economic impacts of the UK's future relationship with the EU. The analysis compares potential future policy scenarios against today's arrangements (EU membership), holding all other factors constant. The document considers four possible scenarios:

☐ The policy position set out by the government in the July 2018 white paper on "The future relationship between the United Kingdom and the European Union" ("modelled white paper" – also known as the *Chequers plan*);

☐ A hypothetical FTA, with zero tariffs, reflecting average FTA non-tariff costs such as being outside the customs union and standard customs arrangements with the EU, regulatory barriers and other costs ("modelled average FTA");

☐ An EEA-type scenario, which reflects being outside of the customs union and as such primarily reflects the costs of standard customs arrangements with the EU. Zero tariffs are applied ("modelled EEA-type"); and finally

☐ A no deal scenario based on an assessment of average non-tariff barriers (NTBs) between countries trading on non-preferential World Trade Organization (WTO) terms and applying EU-applied Most Favoured Nation (MFN) tariffs ("modelled no deal").

The analysis shows that after 15 years, under all Brexit scenarios, the economy would still be smaller than if the UK remained in the European Union. The impacts of the most likely outcomes would mean a hit to the economy of between £60bn and £100bn, with a no-deal scenario costing close to £200bn.

■ Additionally, the **Bank of England** published its report on EU withdrawal scenarios and monetary and financial stability analysing the economic effects of the *withdrawal agreement* and the *political declaration* regarding the future relationship between the EU and the UK, as well as the consequences of leaving the EU without a withdrawal agreement. Importantly, the analysis includes *scenarios* not forecasts.

## In case you missed it – Chartered Project Professional (ChPP):

■ This autumn (October) APM awarded almost 300 project professionals the post-nominal ChPP (Chartered Project Professional) as a benchmark, demonstrating the attainment of a defined level of technical knowledge, professional practice and ethical behaviour. The 271 project professionals come from 50 different sectors including: construction, defence, education, finance, engineering and technology, working for companies such as BT, BAE Systems, Dyson, and NHS Digital.

Speaking about this historic milestone on the day the first 271 names were released, Debbie Dore, chief executive of APM, said:

"As of today, project management takes its rightful place at the table alongside other professions including accountancy, engineering and medicine. It is our belief that chartership will help to raise standards and employability while addressing a growing demand for project professionals. Chartership will enable project professionals to have an increasingly positive impact on society and the economy by helping to ensure a world in which all projects succeed."

"We are exceptionally proud of our pioneering Chartered Project Professionals, congratulate them on their achievement and look forward to welcoming many more joining their ranks in the future. This development could not be more timely, with the demand for high quality project professionals increasing by the day, recent figures from the Infrastructure and Projects Authority (IPA) suggesting that the current Government Major Projects Portfolio alone has a whole life cost of £423bn. High value investments in projects are increasingly reflected in the commercial sector too and with Brexit around the corner the need for highly qualified project professionals has never been greater."

Research conducted by APM earlier this year found that 89 per cent of employers felt that chartered status had a positive effect on an individual's employability, 78 per cent of the same sample would be more likely to employ a project manager if they had chartered status and 81 per cent felt that project management professional qualifications (including being chartered) was important when considering whether to recruit someone into a project management role.

## Value for money in higher education:

■ The **House of Commons education committee** published its [report](#) on value for money in higher education. The report calls on both universities and the government to "ensure better outcomes for students, expand degree apprenticeships, make university more accessible to a more diverse range of students and tackle excessive vice-chancellor pay."

Key conclusions and recommendations:

### Value for money for students and the taxpayer:
☐ Every higher education institution should publish a breakdown of how tuition fees are spent on their websites. This should take place by the end of 2018, and the committee recommends that the *Office for Students* intervenes if this deadline is not met.

☐ The current system of self-regulation for senior management pay is totally unacceptable. The committee calls for the *Office for Students* to publish strict criteria for universities on acceptable levels of pay that could be linked to average staff pay, performance and other measures that the Office for Students sees fit.

### The quality of HE:
☐ The committee looks forward to the [independent review of TEF](#) and recommends that it focuses on how the exercise is used by students to inform and improve choice. The review must include an assessment of how TEF is used in post-16 careers advice.

☐ Institutions should move away from a linear approach to degrees, and enable more part-time, mature and disadvantaged students to study in higher education. The committee recommends that the government's current [post-18 review](#) develop a funding model which allows a range of flexible options including credit transfer and 'hopping on and off' learning. More flexible approaches to higher education should be supplemented by the option for undergraduates of studying for two-year accelerated degrees alongside the traditional three-year model.

☐ The introduction of two-year degrees must not create a two-tier system where students from disadvantaged backgrounds are encouraged to take them on the basis of cost.

### Skills:
☐ The committee states that it is extremely disappointed by the response from the **Institute for Apprenticeships** to widespread concerns from the higher education sector on the future of *degree apprenticeships*. The committee therefore urges the Institute to make the growth of degree apprenticeships a strategic priority. Degree qualifications must be retained in apprenticeship standards, and the Institute must remove the bureaucratic hurdles which universities are facing.

☐ Money which is currently allocated by the *Office for Students* for widening access could be better spent on the development and promotion of degree apprenticeships and support for degree apprentices to climb the ladder of opportunity.

☐ The implementation of T-Level qualifications from 2020 could offer improved access to university for students from disadvantaged backgrounds. The government should engage with universities and UCAS in order to determine an appropriate tariff weighting prior to the introduction of T-levels.

### Social justice:
☐ The *Office for Students* must clamp down on the rise in unconditional offers. Their steep increase is detrimental to the interests of students and undermines the higher education system.

☐ The committee recommends a move away from the simple use of entry tariffs as a league table measure towards contextual admissions, foundation courses and other routes to entry. Institutions should state their contextualisation policies in their application information.

### Graduate employability:
☐ Student choice is central to the debate over value for money in higher education. The committee's inquiry found a woeful lack of pre-application and career information, advice and guidance, particularly awareness of degree apprenticeships. The government's current post-18 review must look at routes into higher education, and the quality of careers advice which students receive.

## Reports, publications, and events across Westminster and Whitehall:

■ **Rachel Reeves MP, chair** of the **business energy and industrial strategy (BEIS) select committee** announced a [new inquiry](#) examining the future of audit. The inquiry will begin with public evidence sessions in the new year and will focus on the likely impact of the CMA market study and the review of the FRC (by Sir John Kingman) in improving quality and competition in the audit market and "reducing conflicts of interest." The committee intends to feed into the CMA study and ensure audit reform is linked to coherent reform of the wider corporate governance agenda.

The committee inquiry is likely to call witnesses from the big four and 'challenger' accountancy firms, audit committee chairs, CFOs from FTSE350 companies, institutional investors, as well as representatives from the FRC and the ICAEW, outside experts and Sir John Kingman. As part of this inquiry, the committee will consider the published submissions from the CMA's market study of the audit sector.

The committee is now accepting written evidence.

■ The **government** announced the "highest sustained level" of infrastructure spending in 40 years as it outlined the £600bn of projects for the coming decade. The updated pipeline, which covers projects such as roads, hospitals and schools up to 2028, includes the £28bn national roads fund, East West Rail, an upgrade to the M6 and the Hornsea Project One wind farm.

■ The government has published a progress statement setting out plans for delivering a strategy by March 2019, highlighting emerging priorities for Greater Manchester's local industrial strategy. **Greater Manchester Combined Authority (GMCA)** intends to consult on these plans and priorities for their local industrial strategy from October 2018, seeking views from businesses, universities, colleges, the community voluntary and social enterprise (CVSE) sector, and residents across the city region.

The government says that the *local industrial strategy* will set out:

◻ A "robust and granular evidence base driven by an independent prosperity review and focused on a select number of agreed priorities";

◻ **How** Greater Manchester will harness its assets through the **grand challenges** to unlock greater productivity and earning power across the city region;

◻ How Greater Manchester will capitalise on its strengths, and address its weaknesses, to enhance the **foundations of productivity** set out in the industrial strategy to deliver inclusive growth. The strategy will be tailored to the priorities of different places across the city region;

◻ Opportunities for future collaboration between Greater Manchester Combined Authority, government, and local public and private stakeholders to achieve these shared priorities;

◻ **Specific, achievable, long-term priorities** in line with the national industrial strategy and the Greater Manchester strategy.

■ The **House of Commons public accounts committee** published a report on the Nuclear Decommissioning Authority and risk reduction at Sellafield in addition to its report on HMRC's performance in 2017–18.

■ The **House of Commons public accounts committee** also published its report on the financial sustainability of police forces in England and Wales.

■ Following the announcement of additional funding in the budget, the **Department for Transport (DfT)** has published a document detailing the allocation of this funding.

■ The **House of Commons transport committee** published a report on the appointment of the chair of the Office of Rail and Road.

■ The **Department for Transport** published a written ministerial statement on the EU transport council.

■ The **House of Lords EU energy and environment sub-committee** published a report on Brexit and its impact on the UK's chemical supply.

■ The **House of Commons public accounts committee** published its report on the Department of Transport's implementation of Brexit.

■ The **Department for Digital, Culture, Media and Sport** announced an additional £50m for the UK's artificial intelligence (AI) sector to attract and retain the world's top talent. Working with the **Alan Turing Institute**, up to £50m will be invested in new *Turing AI Fellowships* to help bring the best global researchers in AI to the UK. The funding will allow the UK to attract, retain and develop world leading research talent.

■ The **House of Lords economic affairs finance bill sub-committee** published its report on making tax digital.

■ The **Home Office** opened a consultation on airside alcohol licensing at international airports in England and Wales.

■ The **House of Commons environmental audit committee** published the government's response to its report on green finance.

■ The **House of Commons environmental audit committee** also published the government's response to its report on the 25-year environment plan.

■ The **House of Commons public administration and constitutional affairs committee** published the government response to its report on public sector outsourcing and contracting after Carillion.

■ The **House of Commons women and equalities committee** launched an inquiry into non-disclosure agreements.

■ The **government** published key statistics showing changes in UK productivity and comparisons with other G7 countries. Among the key findings were that:

◻ The level of labour productivity in Q3 2018 was 1.5 per cent above what it was over 10 years earlier in Q4 2007;

◻ Productivity fell by 0.4 per cent in Q3 2018 compared with the previous quarter, as hours worked increased faster than economic growth [this follows a rise of 0.5 per cent in the previous quarter];

◻ Compared with a year ago, productivity was up by 0.1 per cent in Q3 2018, down from 1.4 per cent in Q2 2018.

◻ In 2016, ranked on GDP per hour worked, the UK came fifth highest out of the G7 countries, with Germany top and Japan bottom. UK productivity was 16 per cent below the average of the rest of the G7 countries, the largest since at least 1995 (when the ONS data series began).

- The **government** also published data on the manufacturing sector – with analysis of recent trends and pressures, as well as on the impact of recent policy.

- The **House of Commons science and technology committee** published a report on early years intervention.

- The **House of Commons public accounts committee** published its report on the progress of the **Department of Environment, Food and Rural Affairs** towards Brexit.

- The **House of Commons procedure committee** published its report on the three meaningful vote options for House of Commons.

- The **joint committee on national security strategy** published its report Cyber Security of the UK's Critical National Infrastructure.

- The **House of Commons public administration and constitutional affairs committee** published its report A smaller House of Lords: The report of the Lord Speaker's committee on the size of the House.

- The **Independent transport commission** published its report on long-term growth in rail travel.

- The government identified an "immediate need to increase resilience in the water sector" to address pressure on water supplies. This pressure is increasing due to population growth, the impacts of climate change and the need to maintain sufficient water in our watercourses, lakes and wetlands to protect the environment.

  The goal set out in A Green Future – the government's 25-year plan to improve the environment – is "clean and plentiful water." The government's vision is a water industry that works for everyone; providing "reliable, robust services now and in the future, without compromising the needs of the environment." To achieve this vision, a twin track approach to securing resilient supplies is required. This approach includes both demand management, (for example leakage reduction) and increased water efficiency measures and new water supplies, such as reservoirs and water transfers. The government will soon publish a water conservation report to set out actions for managing demand.

  The responses to the previous consultations in 2017 and in April this year helped form the content of the draft National Policy Statement for Water Resources Infrastructure (NPS) which sets out the need and government's policies for the development of nationally significant infrastructure projects relevant to water resources in England. The government is now requesting input on whether the draft NPS provides an *appropriate* and *effective* framework for the examining authority (the Planning Inspectorate) and the secretary of state to examine and make decisions on development consent applications for nationally significant water resources infrastructure in England. The government is also seeking views on the assessment of sustainability and habitats regulations assessments that accompany the NPS. This consultation closes at 11:45pm on 31 January 2019.

- A *parliamentary order* was signed by **Northern Powerhouse Minister Jake Berry** in what government says represents a "once-in-a-generation devolution deal and over £600m of investment for the North of Tyne region". This, government says, is an

unprecedented transfer of devolved power and investment funding from Westminster to the North East, expected to generate £1.1bn for the local economy, 10,000 new jobs, and drive over £2.1bn in private sector investment.

The deal includes:

- Over £600m of government funding (£20m a year for 30 years) to drive forward investment in digital skills, science and rural growth;

- The creation of a new *North of Tyne Combined Authority* and a directly-elected North of Tyne mayor (election planned for May 2019); and

- A new inclusive growth board to take forward skills and employment reforms across the area, including a pioneering North of Tyne education improvement challenge to drive excellence in schools across North of Tyne.

- **Steve Rotheram, metro mayor** of the Liverpool City region, announced a half a billion-pound fund to "help transform the city region's economy, creating high-quality jobs and boosting living standards for local people." The *strategic investment fund* will make delivering local jobs and positive social impacts, like paying the living wage, an increasingly significant factor in approving funding. Around £100m will be available in the first year of the fund, rising to £500m over four years.

  The *Combined Authority* has already identified projects which can receive support from the fund including:

- ultra-fast broadband for every borough;

- a new smart-ticketing system to replace the Walrus card;

- help for high streets; and

- a new generation of Mersey Ferries.

- The **London assembly budget and performance committee** published its report on *Transport for London* finances.

- The **government** published its strategy for our veterans with the key themes as follows:

- *community and relationships* – by 2028, veterans can build healthy relationships and integrate into their communities;

- *employment, education and skills* – by 2028, veterans can enter appropriate employment and continue to enhance their careers throughout their working lives;

- *finance and debt* – by 2028, veterans leave the armed forces with sufficient financial education, awareness and skills to be financially self-supporting and resilient;

- *health and wellbeing* – by 2028, all Veterans enjoy a state of positive physical and mental health and wellbeing;

- *making a home in civilian society* – by 2028, veterans have a secure place to live either through buying, renting or social housing; and

- *veterans and the law* – by 2028, veterans leave the armed forces with the resilience and awareness to remain law-abiding civilians.

The government has initiated a consultation to complement this strategy – gathering information to inform how it could be implemented across the UK [except for devolved matters in Scotland and Wales]. Alongside this public consultation on implementation, the UK government will continue to work on internal proposals that were raised during production of the strategy and implementation plans.

This consultation will close at 11.45pm on **21 February 2019**.

■ One year on from the launch of the industrial strategy, chair of the **national infrastructure commission (NIC)** Sir John Armitt welcomed the central role that infrastructure continues to play in the government's industrial strategy – and the alignment between its commitment to clean growth and improved productivity and the recommendations in the UK's first-ever national infrastructure assessment.

■ The **Civil Aviation Authority (CAA)** published a consultation document Economic regulation of capacity expansion at Heathrow: policy update and consultation following consultations on the regulatory framework to support capacity expansion at Heathrow airport in January, June and December 2017, and more recently in April 2018.

The consultation document contains:

- an update on the CAA's latest thinking in relation to coordinating the regulatory timetable with the overall timetable for the development of capacity expansion;

- detailed consideration of a possible new licence condition to promote economy and efficiency on the part of Heathrow Airport Limited;

- details of the CAA's approach to addressing the issues that may be raised by alternative mechanisms for delivering new capacity; as well as

- addressing consultees comments on our surface access policy.

Next steps:

- The CAA intend to publish a *working paper* on the regulatory treatment of HAL's early Category C (construction) costs in late 2018 followed by working papers on Category B (planning) costs, and financial ringfencing early in 2019.

- During the first part of 2019, the CAA will focus on setting the interim price control/assessing any commercial deal that emerges between HAL and airlines. During the remainder of 2019, the CAA intend to complete work on the broad regulatory framework for HAL, consistent with it providing a price control business plan at the end of 2019.

To respond to the consultation, email the CAA here no later than **4 Jan 2019**.

■ The **Ministry of Defence (MOD)** published its defence equipment plan 2018 covering some of the largest, most complex procurement projects in the world and involving spending of over £186bn on equipment and support over the decade from 1 April 2018 to 31 March 2028.

## Reports and publications – professional bodies/think-tanks/other:

■ The **committee on climate change (CCC)** launched a new *call for evidence* to support its forthcoming advice to the UK government and the devolved administrations on long-term targets for greenhouse gas emissions and the UK's transition to a net zero-carbon economy. In mid-October 2018 the governments of the UK, Scotland and Wales asked the CCC to provide advice on the UK and devolved administrations' long-term targets for greenhouse gas emissions and the UK's transition to a net zero-carbon economy. Specifically:

- when the UK should reach net zero emissions of carbon dioxide and/or greenhouse gases as a contribution to global ambition under the Paris agreement;

- if that target should be set now;

- the implications for emissions in 2050;

- how such reductions can be achieved; and

- the costs and benefits involved in comparison to existing targets.

The advice has been requested by the end of March 2019 and will be based on a thorough consideration of the relevant evidence, including:

- the latest climate science, including as contained in the IPCC special report on 1.5°C;

- the terms of the Paris agreement;

- global pathways (including those reported by the IPCC) consistent with limiting global average temperature rise in line with the goals of the Paris agreement;

- international circumstances, including existing plans and commitments to cut emissions in other countries, actions to deliver on those plans and opportunities for going further.

- an updated assessment of the current and potential options for deep emissions reductions in the UK and emissions removals from the atmosphere, including options for going beyond the current 80 per cent target towards net zero;

- an appraisal of the costs, risks and opportunities from setting a tighter long-term target.

The actions needed in the near term that would be consistent with achieving the long-term targets.

The CCC's *call for evidence* will contribute to the advice and closes on **17 December 2018.**

■ The **Institute of Economic Affairs (IEA)** published a briefing dissecting the draft withdrawal agreement.

■ The **CityUK** and **Deloitte** jointly published a report *Splitting the Bill: The role for shared platforms in financial services regulation* outlining seven shared digital platforms and analysing how government, regulators, and financial firms working together could unlock a range of strategic benefits for the UK.

■ The **London School of Economics and Political Science (LSE)** published the first *open access textbook* from LSE Press – a new publishing platform. The new publication is a comprehensive audit of the quality and sustainability of liberal democracy in the UK and finds that the 2016 referendum result, combined with the government's "inability to manage the Brexit process, and the cumulative effects of austerity" have "brought many of the UK's past democratic advances to a juddering halt."

Previous audits of UK democracy (the last in 2012) undertaken by *democratic audit*, found the quality of democracy in the UK had "generally improved over the past two decades" –the 2018 audit still found areas of significant advances, especially in the success of the devolved governments in Scotland, Wales and London, and the advent of regional mayors in England. The audit contextualises the worsening quality of UK democracy against the global backdrop of some backsliding core democracies (such as the USA) and the growth of 'semi-democracies', where authoritarian governments undermine political competition through rigged elections and manipulated media. The book is the most up to date and comprehensive textbook on UK politics available and has been written for a wide range of audiences – from informed general readers to A-level students and undergraduates. LSE says that it is "an innovative open-access aid to teaching" and is free to everyone online, in PDF, ePub and Kindle formats.

■ The **Centre for Policy Studies (CPS)** published its report Make Work Pay – a new agenda for fairer taxes.

■ The **Institute of Economic Affairs (IEA)** published its report on innovation in farming Current controversies No.64 the effect of innovation in agriculture on the environment.

■ The **National Institute of Economic and Social Research (NIESR)** published its report Brexit and the health and social care workforce.

■ The **Trussell Trust** published research on Universal Credit and food banks.

■ The **London assembly housing committee** published its report Hearing resident voices in social housing.

■ The **Centre for London** published the sixth issue of The London Intelligence.

■ The **Institute for Government (IfG)** published Supervision after Brexit oversight of the UK's future relationship with the EU exploring who will assume European Commission's supervisory role after Brexit.

■ **Which?** published research on people's worries about the impact of Brexit showing that more than 60 per cent of over 65s are worried about the impact of Brexit on consumer rights, and access to goods and services.

■ The **London assembly transport committee** published a response from the mayor of London about Crossrail.

■ The **Royal Society of Arts (RSA)** published a report entitled *Ideas for a 21st century enlightenment* on a range of important issues – such as Brexit – facing the UK.

■ The **UK in a Changing Europe** published its report on the economic consequences of Brexit.

■ The **Health Foundation** published its report Unfinished business: an assessment of the national approach to improving cancer services in England 1995–2015.

■ The **Centre for Policy Studies** published a report on job creation.

■ The **Institute for Fiscal Studies** published its research report on The impact of undergraduate degrees on early-career earnings.

■ The **London assembly transport committee** published its report on the rail service.

## Reports, publications, and activity from the world of project management:

■ **IPMA** published its paper on the need for agile.

■ **International project management week** announced a range of events taking place in Brazil in early September 2019 including the IPMA research conference.

■ **The 16th IPMA global awards 2018** took place in Helsinki in late October 2018 hosted by the Project Management Association Finland with 350 delegates across nine categories.

■ **14th IRNOP (International Research Network on Organising by Projects) conference** hosted by RMIT University in Melbourne will take place between 10–12 December.

■ **Major Projects Knowledge Hub live event:** *Project 13 – a realistic route map or an impossible challenge?* webinar on 10 December 2018 see full details here.

## APM events/research & policy outputs:

- **APM** published a student guide to project management Project: You.

- **APM** published a **project leadership research** report. This APM research funded study led by Sarah Coleman and Professor Mike Bourne (Cranfield University) sought to draw out project leadership competences from the perspective of practising project leaders, aspiring project leaders, heads of profession, project sponsors and clients.

- **APM awards 2018**. 650 delegates attended this year's awards which comprised of 19 categories. See a list of winners here.

- New **APM Research Summaries** were published in this period including: *Project capabilities for operational outcomes in inter-organisational settings: The case of London Heathrow Terminal 2.*

## APM forthcoming:

- **APM events and conferences** – including APM's power of the profession conferences in Edinburgh and in London – are accepting bookings

- **Second APM North West research symposium**. This event between the University of Manchester, APM North West Branch and APM research seeks to bring together practitioners, academics, and students to explore project management and the productivity challenge and also includes a doctoral workshop during the day.

- **APM Research Fund 2019 call for funding now open**. Submissions can be made until 4 February 2019. The APM Research Fund has been established within the research programme to provide funding for small-scale research projects or to provide seed funding for larger research projects. APM's research themes and priorities for 2019 are: *digitalisation, artificial intelligence and big data in projects* and *international ethics: projects across boundaries* – this study is also open to non-UK residents. Other themes will also be considered for funding. **Click here** for eligibility, guidance and further information.

- **APM's** Salary and Market Trends survey 2019 is open for participation (closes 12 December 2018).