

## **CONSTRUCTION ENGINEERING MASTERS DISSERTATION ABSTRACT**

### **Contracts for megaprojects; do we need to change for success?**

The purpose of this research is to contribute towards the body of knowledge on megaprojects by reviewing the perceived effects of flexible governance on the delivery of a UK energy transformation megaproject.

Megaprojects, defined as unique and complex projects over \$1 billion, are generally delivered to provide essential infrastructure. Between 2013 and 2030, the projected investment in megaprojects worldwide is estimated at \$3.4 trillion, or 4% of the global GDP (Flyvbjerg, 2014). However, this incredible progress is often overshadowed by the fact that an estimated nine out of ten megaprojects are delivered over budget and behind schedule. These failures have been widely researched, with a focus towards the effects of team structures, behaviours and areas of conflict.

Although there is little in the way of research into contract types and governance, there is some evidence to suggest that creating a very constrained governance strategy in the contract to cope with the complexity of a megaproject is misguided; rather, some research presents an opposing idea that the more complex the project, the more flexible the contract needs to be.

This research aimed to investigate if the use of relational governance on a megaproject can be beneficial to delivery. A single case study methodology has been used, focussing on a megaproject that has changed governance to a more flexible approach. A documentary review of the contract and associated documents was carried out, with interviews aimed at exploring any perceived effects on the delivery and potential outcome of the megaproject. The findings suggest that the change in governance to a flexible approach has a positive effect, with a focus towards the positive influence that governance has on the behaviours of the parties. In particular, the introduction of an annual budget and programme was found to improve focus and help the parties work together on the 'known', immediate problems, rather than the more distant issues. The flexibility promotes a more proactive approach to problems, not just reactive as dictated by more constrained contract types and has allowed the parties to form a more collaborative team to work towards a successful outcome on the project. Although the case study project has not been completed, the findings suggest that a more successful outcome is expected by the team with all parties working together without the constraints of a less flexible governance regime.

Due to the confidentiality of most megaprojects, the ability to research any governance model and its effects is limited. It is recommended that the research is repeated at various stages of the case study megaproject through to completion and on other megaprojects using flexible governance to expand upon this research and contribute to the wider body of knowledge.

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