

White Paper 2019-05

What 'Reserved Scope' Should Owners Specifically Manage

Owners of large, complex projects have substantial responsibilities to ensure the success of the projects they drive. In this White Paper we detail what are the issues that we believe should be specifically managed by the Owner, as part of a 'Reserved Scope' that cannot be delegated to Contractors.

What does Owner Team and delegation cover?

Owners, and in particular Owner organisations that drive large, complex projects infrequently, tend to try to keep the Owner project team lean in terms of Owner staff. However, a number of activities have to be performed by the Owner in the project. Delegating them without close Owner oversight can be very risky. In this White Paper, the Owner team consists of Owner personnel and contractors as long as those contractors are not involved in any other capacity in the project execution (which may result in conflicts of interest). For example, the Owner team may be complemented by individual contractors or even an Owner's engineer organisation or specific third-party Project Management support, as long as it does not belong to any Contractor involved in the works.

Keeping the 'reserved scope' under direct Owner oversight is an essential project success factor.

What is the Owner Accountable Of?

The Owner team generally remains accountable of the following aspects:

- Full accountability for plant operability/ productivity / performance – as generally, Contractors deal with construction and often have a limited liability on actual performance that ceases after a pre-determined period (e.g. 2 years from delivery)
- Conformance to financing requirements (paperwork, cash calls etc.)
- Keeping overall project scope under control (cost, schedule)
 - Relevant dashboard and KPIs to drive decisions, liaising with project governance,
 - Develop and apply consistent requirements for reporting from all contractors,
 - Perform and accurate forecast of the overall project covering all scopes, maintain contingency/management reserve usage control,
 - Maintain an integrated Master Schedule focused on interfaces and covering the entire scope (refer to [White Paper 2019-04 'How Implementing and Owning a Strong Master Schedule is Essential for Owners'](#)),
- Supervise and perform Quality Control to independently verify the quality of the works (the level of verification can be risk based),
- Full HSE accountability on the work site,
- Perform quantity surveying and physical progress measurement,
- Perform Overall document & records control, ensure consistent as-built documentation/ manuals recovery to deliver to the Operator,
- Perform Contract Management of all Contractors
- Managing interfaces between contractors, packages, and with other relevant stakeholders (refer to [White Paper 2019-03 'How Implementing and Owning a Strong Interface Management Process is Essential for Owners'](#))
 - Maintain and control master integrated project plan & schedule,
 - Manage permitting (safety case) incl. approvals/certification for product,
 - Interface with key stakeholders – site management, etc.
 - Interface and change management between packages,
 - Consistency of technical requirements and standards across site and packages,
 - Clarity of plant input characteristics / output requirements (product quality),
 - Work coordination/segregation between packages (geographical),
 - Manage overall commissioning (revert to systems view), testing, performance testing
- Integrating operator for operability / maintainability; manage plan handover to operator (both on maintenance, operations, associated systems)

What does the 'Reserved Scope' Consist Of?

As a consequence of the list of areas of accountability of the Owner, the following processes should not be delegated:

- Development and maintenance of the overall master project schedule,
- Overall interface management, including in particular:
 - Interface with the future Operator, and preparedness of the operator,
 - Interface with other Owner's entities,
 - Interface with the financing bodies,
 - Interface with the licensing bodies and other governmental authorities
- During execution, overall Management of Change and configuration management compared to the project definition file including the resolution of changes resulting from the interface management process,
- Defining and performing the process related to gathering and organisation of the as-built documentation,
- Define key design requirements such as:
 - Defining input and output requirements for each package and for the facility, in accordance with the business case,
 - Defining standards and specifications to be applied throughout the facility – this may go as far as to including details regarding standardisation of certain technologies and

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suppliers to ensure consistency and minimise future maintenance and spare parts costs

- Managing requests for deviations from the standards as appropriate as they appear during execution

The following processes may be delegated as long as a strong, knowledgeable supervision is maintained by the Owner, including an independent sampling focused on the most critical items or activities, with the possibility to step-in or increase sampling frequency:

- Quality Control
- Construction and commissioning works HSE (depending on the actual site ownership and operating accountability)
- Commissioning

Conclusion

We strongly believe that because of the accountability of the Owner, part of its scope cannot be delegated to contributors or Contractors that are involved in the actual project execution (and may thus have conflicts of interests). Keeping this scope under direct Owner oversight is an essential project success factor.

The 'Owner Reserved Scope' must be covered by the Owner and remain under the direct responsibility of the Owner, irrespective of how the Owner's project team is setup. It has to be taken into account when dimensioning and budgeting the Owner team.



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