

UK Project Management Round Up



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INTRODUCTION

This has been another interesting month in the project world. One of UK's great project managers, Sir John Armit, has published an important analysis of our infrastructure needs while the National Audit Office (NAO) has issued excoriating report on a major IT project and the Public Accounts Committee (PAC) has been equally scathing about a crucial Defence project. There have also been a number of interesting developments on the governance and ethical side. We begin with a brief summary of some of the headlines in the UK Project World and then move on to the major stories of the month.

HEADLINES



C Series 100 on it's maiden flight. *Photo courtesy Bombardier*

Aviation enthusiasts will have noted that the latest Bombardier aircraft has finally taken to the skies. Strictly this is not a UK project but some parts are built in Belfast. This plane, it is hoped, will break the commercial dominance of Airbus and Boeing but it has been beset by delays for the last 9 months. The C Series is a single aisle 100 – 150 seat short haul aircraft competing head on in a market dominated by the Airbus A320 and the Boeing 737. The aircraft failed to

appear at the Paris Airshow thus raising suspicions that the programme was in serious difficulties. However, the Flight Test Vehicle made its maiden flight from Montréal – Mirabeau International Airport on 16th September in a 2 ½ hour flight. According to Bombardier's press release, was also the first flight for Pratt & Whitney's new Geared Turbofan™ PurePower engine as part of an aircraft certification programme.

Sweett Group have announced that they have secured a commission to provide cost management services for a 2km submerged cross harbour rail tunnel in Hong Kong. Supporting AECOM, Sweett Group will provide cost management services for the 4th Cross Harbour Rail Tunnel, part of the Shatin to Central Link (SCL) railway, including cost planning, Bills of Quantities and tender cost estimates. The project works include temporary reclamation, immersed tube tunnel under the Victoria Harbour, cut-and-cover tunnel, ventilation building, marine piling and the reprovisioning of a finger pier. The tunnel construction is scheduled for completion by 2020.

The London Fashion Week has just ended – and you might be wondering what this has to do with the Project World. At first sight, there is little in the world of haute couture that coincides with projects as we know them. However, according to several reputable press reports, the chair of the British Fashion Council, American-born **Natalie Massenet** is driving a programme to challenge the dominance of Paris, Milan and New York in the fashion world. First steps in this programme were to bring forward the opening date to maximize exposure in the Far East via live streaming to ordinary customers. High end clients, celebrities and fashion editors will also be included in the link up. Orders can be taken immediately rather than after the usual 6 months delay. Commenting on this challenge, a leader in the *Times* notes that the fashion business is a paradox in that it asserts the right to set trends but refuses to take risks. This attitude seems set to change under Ms Massenet's hand.



Natalie Massenet. Photo courtesy Daily Telegraph

HS2 remains in the headlines as claims were made that capacity on the already heavily loaded West Coast Mainline will be dramatically overloaded according to **Lord Berkeley**, chairman of the Rail Freight Group. Transport Secretary Patrick McLaughlin countered by claiming that the aim is to increase capacity. At the same time, the Confederation of British Industry has been calling for significant improvements to the transport infrastructure in the short term of the economic recovery will be jeopardized.

On the good news front, another long running project has opened its doors with the launch of FutureLearn. Based on work by the Open University over the last 10 years, some 24 universities in UK (and one in Australia) have combined to offer free courses to anyone who wants to sign on. About half the research intensive Russell Group Universities are offering short courses. While these will not lead to recognized qualifications, some observers are concerned that this initiative which mirrors similar offerings at MIT and Harvard, may threaten the viability of traditional campus based universities. As the Open University has offered distance learning undergraduate, post graduate and doctoral level courses for the last 40 years, this

concern seems a little farfetched. What it might do is to energise some traditional universities to improve their performance.



20 Fenchurch Street.
Photo courtesy Wikipedia

Construction is often seen as the power house of the economy but this seems to have been taken to extremes recently as the new development at 20 Fenchurch Street has hit the headlines. The so-called Walkie Talkie has been acting as a collector of the sun's rays. The angle of the sun over the past couple of weeks has allowed the concave walls to act as a mirror. The impact of this been to fry a bicycle saddle – luckily no one was sitting on it. Other effects included severe burns to a limousine, charred paintwork on a Chinese Restaurant and attempts to fry eggs with no other power source. This last has been slow but successful. Makes you wonder what elements were included in the Risk Analysis – or perhaps more effort on the stakeholder management plan would have helped!

Apart from such light hearted incidents, a major engineering project has been completed in the Mediterranean, off the coast of Italy. So far as I know, there is no British connection but we can all admire a project in a programme that will clean up the coast line, remove the hulk of the Costa Concordia and eventually result in its scrapping. Before then, the hulk will be searched to find the bodies of a passenger and an



The righted Costa Concordia after the 19 hour parbuckling operation. *Photo AFP.*

Indian waiter who have not so far been found. The righting of the 114,500 ton ship, using a technique called parbuckling, is part of the programme that is expected to cost in excess of \$500 million. All project managers will recognize the engineering and planning skills of Nick Sloane of the Titan Salvage / Microperti consortium and

his team. What has come across very clearly is the level of briefing of local stakeholders. Mr Sloane is highly regarded both locally and more widely as a highly effective salvage master and project manager.

PROJECT ETHICS

World Bank blacklisting continues to hit major project based companies around the world as 250 firms around the world have been barred so far this year. This represents a four-fold increase on 2012 and seven-fold increase since 2007. As we have reported over the last 5 years, many firms are simply not aware of the significance of new legislation designed to eliminate corruption. In UK, this is enacted through the Bribery Act 2010 and there are similar laws in most Western nations. The World Bank has invested more than \$200 bn in projects in developing countries and has devoted considerable effort into to root out corruption, signing agreements with four other global development banks so that where a company is banned by one, the others also ban the company.

According to the *Times*, 40 small UK companies are on the banned list. There are some major players who have fallen foul of the World Bank in recent years: Indian consulting firm Wipro received a 4 year ban in 2009 while the Montreal based international engineering and construction company SNC Lavalin, appears on the list 58 times as a Canadian subsidiary and 14 times as an American company, with many more SNC subsidiaries dotted all across the world. According to IBN Times. . SNC had been tarnished after an internal investigation found that there had been \$56 million of improper payments made to undisclosed foreign agents.

IMPROVEMENT NEEDED

The National Audit Office (NAO) has lambasted the management of one of the government's major programmes in a damning report on plans to merge welfare benefits into the Universal Credit. According to NAO, £34 million of the £303 million spent so far has already has been written off. The original launch date for the massive IT system was October 2013 but this has been put back while six pilot projects for new claimants have been introduced. These pilots only cover the simplest situations but the Minister, Iain Duncan Smith, has claimed that the full roll out due for 2017 is not in jeopardy. NAO has cited a long list of criticisms, including weak management, ineffective control and poor governance. In the last year, there has been high turnover of the programme's senior management with five different leaders since October 2012. Other criticisms include the emergence of a 'fortress mentality' among the project staff that had been ring-fenced and given a high level of independence. This seems to have led over-optimistic reporting. More worryingly the Department is said to have had no clear view of how the programme was to have worked. Despite repeated warnings, there was no blueprint, architectural model or target operating model according to the report.

This has been a bad year for the Sellafield decommissioning programme. In February the PAC voiced concern that delays continue to plague work on the legacy site with 12 of the 14 major projects delivered late or behind schedule in 2011-12

while costs had escalated to £67.5bn. According to the report, “Basic project management failings continue to cause delays and increase costs, while doubts remain over the robustness of the plan, in particular whether the authority is progressing the development of the geological disposal facility as quickly as possible”. Then in June, reports in the national press suggested that the clean-up could be taken into state hands as £22bn contract up for review. After sharp criticism from both the NAO and PAC, the Nuclear Decommissioning Authority (NDA) is currently reviewing whether to renew the contract with the consortium, Nuclear Management Partners (NMP), ahead of a “break” point in March 2014. Then came news that Nuclear Management Partners were paid a £25 million bonus last year amid further criticism of project performance. According to NMP, poor progress has been reflected in the fees.

As if this poor performance was not enough, there have been calls by Sellafield unions for a Ministerial inquiry into alleged irregularity in claims by NMP senior managers. An audit by NDA of Sellafield Ltd and its parent group NMP looked at 606 sample expenses claims submitted between 2008 and 2012, totalling £483,202. The consortium which represents companies from the US, France and the UK – said “a very small proportion” of expense claims submitted by its staff had been registered to Sellafield Ltd in error. An unspecified number of “incorrect claims” had been repaid and that there was “no evidence or suggestion of impropriety”.

CONTRACTING ISSUES

The summer has been a busy time for the Public Accounts Committee (PAC) as numerous mainly critical reports on public projects have been issued. In one of the latest, the PAC expressed amazement at ‘incredibly basic errors’ in Royal Navy plans to redesign the two Queen Elizabeth class aircraft carriers. Plans were abandoned when it was discovered that VAT and inflation had been omitted from the financial plans. According to the PAC, a redesign to accommodate the F35 Joint Strike Fighter was based on ‘deeply flawed’ data. On reversion to the original plan, the conversion costs had escalated and the programme is £1.2 billion over budget. Attribution of political blame is tricky as the original contracts were drawn up under the previous Government and were sharply criticized as they were cancellation proof.

Not everything is gloomy in Defence Contracting as HMS Artful, the third Astute Class nuclear submarine is officially named in a ceremony in front of thousands of guests at BAE Systems’ yard at Barrow in Furness. The new vessel, a 7,400 tonne, 97 metre long attack submarine – was named at an event to mark the end of its build process.



HMS Artful under construction.
Photo courtesy BAE Systems

According to the BAE Systems web site, Astute Class submarines utilize advanced nuclear technology means they never need to be refuelled. The submarines will be fuelled by a nuclear reactor powerful enough to power a city the size of Southampton. They are capable of circumnavigating the world without surfacing and the dived endurance is only limited by the amount of food that can be carried and the endurance of the crew. Each submarine manufactures its own oxygen and fresh water from the ocean. The Astute class is the first Royal Navy submarine not to be fitted with optical periscopes – instead the vessel employs high specification video technology. The images are delivered into the submarine via fibre-optic cables

ARMITT REPORT

Sir John Armit CBE, lately chairman of the Olympic Delivery Authority, currently an Honorary Fellow of the Association for Project Management and the recipient of the Sir Monty Finniston Award for life time achievement has completed his report on UK infrastructure. This independent review was commissioned by the Labour Party and come ahead of the Party Political Conferences where it is sure to create a great deal of interest, not least for its major finding that a national strategy is needed and that strategy needs to be independent of political parties.

The 36 page report notes the UK *'needs affordable clean energy, modern communication systems, flood defences that can cope with the effects of climate change and a transport system that can cope with ever growing demand and which links business with markets and people with families, leisure and job opportunities'*. Sir John goes on to state that UK has demonstrated its ability to deliver major projects such as the London Olympics, High Speed 1 and Heathrow Terminal 5 but highlights the need for consistent funding year on year, strict independent annual review of projects and the overall plan – in other words, good programme management.

Other key findings are that problems seem to occur at the front-end of the investment cycle. He cites an inability to understand why investment is needed, what must be built, how and when projects are to be delivered and changing plans when sticking to decisions made as major issues. In his view, the enabling factors of cross party support and clear objectives are often missing.

So clear strategic project leadership coupled with good project sponsorship is needed and needed soon!

About the Author



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