

UK Project Management Round Up



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INTRODUCTION

As the calendar year draws to an end, more projects than ever are hitting the headlines in UK, and there is also news of the completion of major projects elsewhere in Europe. So first, there are the projects in the governance of UK; then comes news of commercial projects followed by transportation and energy project news. But before these tasty items, perhaps we need to consider some factors about project reporting since, as we all know, project delays and overruns hit the headlines with all too great a regularity so it is a topic that is or should be close to all our hearts.

Project Reporting

A small item caught my attention last month – crime statistics are being manipulated to avoid showing any rise in crime. This claim came from a senior police officer, the Chief Constable of Derbyshire, **Mick Creedon** who claims that numerous officers in "many forces" had told him it was happening. What, you might very well ask, is this to do with Project Management? Well, there is a close resemblance between reporting crime statistics and project reporting. Both are measures of progress and both are made to trusting clients. In the case of the Police, it is the Government and in the case of Projects it is the client. Both are dependent on accurate reports to help release resources, and based on these reports, payments are made.

The key point here revolves around trust. We all know the importance of accurate reporting and how hard it can sometimes be to get accurate information for reports but good project managers report on the best information they can get and offer this to their client to give a valid representation of progress and any inferences that can be drawn from the data. Deliberately inaccurate reports not only present a false picture of progress, they also represent a fundamental breach of trust. Even more significant, they damage the profession of project management and reduce the level of trust that the general public will repose in all project managers.

Projects in Politics

From the deeply unethical situation of false reporting, we move onto political projects. Here I do not mean the politics of projects, although there is a great deal of politics involved in many projects because they fit into the strategy of the organization. Here I mean projects that relate to projects in the political domain. Mostly, politicians do not claim to be involved in projects but many of their activities might be described as project based. They have clear aims, a series of related activities intended to achieve those aims and a finite set of resources to use. In UK, one of the most significant political projects since 1707 when the Acts of Union were passed by the Parliaments of England and Scotland has reached a critical stage. For those who need to refresh their memory of the Acts, take a look at this link: http://en.wikipedia.org/wiki/Acts_of_Union_1707.

The project is being carried out by the Scottish National Party (SNP) and seeks to separate Scotland from the United Kingdom. The critical stage is the publication by the Scottish Government of their long awaited White Paper on the future of Scotland as an independent country. This document raises as many questions as it answers and its detailed content is outside the scope of this journal but one question that it raises in my mind is are we talking about a project or a programme?

Looking at the various definitions, I tend to favour that of the Association for Project Management who state that a programme is a group of related projects and change management activities that together achieve beneficial change for an organisation. According to this definition, what the Scottish Government is undertaking is certainly a group of related projects, and there is a strong element of change embodied in the proposals. Whether there is any beneficial change will no doubt a matter of opinion. There may be a quibble when considering 'organisation' in this context. Whether the United Kingdom and Northern Ireland will change beneficially is a moot point and similarly, an independent Scotland might be an organization but is currently a part of another organisation.

Commercial Projects

Before we leave political projects, I note there is trouble in the procurement department of the Ministry of Defence (MoD). The men from the Ministry have been considering whether it would be best to run the system as a quango in partnership with a private contractor or as a "government-owned, contractor-operated" (GoCo) body. All military equipment is procured by the Defence Equipment and Support Agency (DE&S). Based in Bristol, DE&S has an annual budget of £14bn to buy equipment, including ships, aircraft, vehicles and weapons.

The plan involved inviting private firms to bid for the GoCo contract. Initially three consortia demonstrated an interest but only one consortium remains in the running as CH2M Hill, the US engineering company has left the consortium along with Serco and Atkins as it claimed the plans were 'not commercially viable.' This leaves just the Bechtel consortium in the running. Bechtel was not looked at favourably by the

politicians, remembering the Big Dig project in Boston, Massachusetts, where the project overran by well over \$1 Billion. There has also been strong criticism of the way in which the outsourcing project has been overseen by the civil servant in charge. Bernard Gray, Chief of Defence Materiel, was responsible for the 1998 Defence Strategic Review and the 2009 report on Defence Procurement.

Turning from politics to commerce, there have been some interesting reports of the past few weeks.

- **Amec**, the engineering consultancy and project management services group is apparently checking out US listed company Foster Wheeler in a deal that could result in a new company worth up to £5 billion. Amec were themselves subject to a £700 million hostile take-over bid by Kentz. Financial reports on Foster Wheeler show a sharp improvement in their share price (up 40% from late summer) to value them at about \$2.85 billion. The merged group would be able to take on some of the world's larger energy specialists such as Bechtel
- **Bombardier**, the once troubled Derby based rail group that lost a major a £1.5 billion project to produce 1140 train carriages for Thameslink to Siemens, is back up to two thirds capacity as it battles for a share of the estimated 5,200 carriages market. They are up against Hitachi who have already won a £5.7 billion contract to supply and maintain 866 new Intercity trains for the East Coast Main Line and Great western. The starting contest is to win the £1 billion contract to build 600 state of the art trains for Cross Rail. These 200 metre long trains will be a completely new design to existing rolling stock. Interestingly, Siemens are nowhere to be seen – they have pulled out of this sector and several others in UK to concentrate on the ThamesLink order.
- **Babcock International** are reported to be looking to break into the business of flying helicopters. They are apparently in talks with Avincis to form a joint venture. Avencis are the world's largest operator of 'mission critical' helicopters. Babcock runs the Royal Navy's dockyards at Rosyth and Devonport. If Babcock can close the deal, it will give them a much larger footprint as at present, only 15% of its business is outside UK. Set against that, it would also take them into a new area of operations.
- **Bombardier** are also providing expanded their aircraft interests by trying to break into the closed shop of aircraft making dominated by Airbus and Boeing. Wings and fuselages for its new C Series aircraft (see Report for October) are to be built in Belfast. They are recruiting another 250 staff as production ramps up. This brings the total jobs created by the C Series to 800 and an investment of £560 million in the Northern Ireland works.

Transportation Projects

Inevitably, there are developments in both High Speed 2 (HS²) and the UK Airports study this month (and you can be forgiven to asking what is new about these two areas of the UK Project world). But first, a completed project – London Gateway.

The first ship to berth in the latest phase in the development of the first new dockyard to be built in UK in decades was *MOL Caledonian*, a 58,000 tonne, 300 metre long container ship laden with red wine, oranges and lemons from South Africa.

The new dock is situated at the old Shellhaven site on the north bank of the Thames and is funded by £1.5 billion from Dubai Ports World. The full dock is scheduled for completion by the end of 2014, some three and a half years after work began to reclaim 60 acres of land. This dredging has created enough low tide depth at quay side to enable the enormous Triple-E container ships to dock. The site will be able to store 2.5 million 20ft containers a year. This capacity is expected to allow Dubai Ports to take on Felixstowe, owned by Hong Kong based Li Ka Shing.



London Gateway first docked ship

Other transport projects hitting the headlines this month include:

- **Network Rail** – debts rose to more than £30 billion in the first half of this financial year according to the Times. Net debt rose to £30.61 billion at the end of September, a rise of £250 million over the previous 6 months. Network Rail claimed to have invested £2.74 billion in railway infrastructure, in other words some £15 million a day! This spend includes major improvements at Reading and Kings Cross Stations, the Borders Railways project and electrification.
- There is little to report on the **High Speed 2** front except posturing by senior politicians. Most notably, Michael Heseltine has been rallying the troops, encouraging them to have faith and to ignore the dismal numbers cited by project opponents.

- Runway Capacity is still a major discussion point for UK plc according to an influential group of business leaders. Government forecasts indicate that the main London Airports will be at full capacity by 2030. The Airports Commission is set to publish its preliminary report by the end of the year.
- Full page adverts for an alternative to a new airport have appeared in many national newspapers. The Hub for Heathrow pressure group (www.heathrowhub.com) proposed an alternative to a third runway at Heathrow some years ago when Labour were in power.

The decision was ducked by the Transport Secretary Geoff Hoon in 2008 but the plan has been re-animated in the last few weeks. Under this plan, no new runways would be developed by the existing two split to form 4 effective runways. This plan claims to provide the following benefits:

- Double runway capacity;
- Reduced costs:
- Speed into action (Ph 1 could be complete in less than 5 years):
- Reduced noise levels



Courtesy Heathrowhub.com

More importantly, many of the controversies entailed by the third runway option and costs for an island airport can be avoided. Partly proposed by Arup, this option looks to have 'legs'.

Energy Projects

Atlantic Array Project



The controversial Atlantic Array wind farm in the Bristol Channel is under threat. RWE Innogy is pulling the plug on the 240-turbine Atlantic Array project. This wind farm was planned in an area of 77 sq miles about 10 miles from the north Devon coast, 14 miles from south Wales coast and 8 miles from Lundy Island, the internationally significant nature reserve.

The turbines would have been more than 700ft tall and capable of producing 1,200 megawatts of electricity - enough for up to 900,000 homes, according to RWE who have since said that it "is not viable... to continue with development in the Bristol Channel Zone".

RWE's director of offshore wind, Paul Cowling, said: "This is not a decision we have taken lightly. However, given the technological challenges and market conditions, now is not the right time for RWE to continue to progress with this project."

According to the Department of Energy and Climate Change (DECC), the decision "was made on purely technical grounds and reflects the many complex challenges of constructing offshore wind farms". However, there are reports that the decision is more due to difficulties of finance rather than just the technology. The concept of the wind farm is also under investigation by the European Commission over claims that it could endanger wildlife.

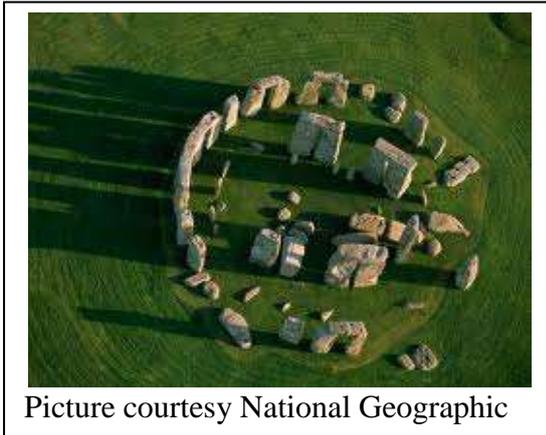
In a late development, it has been reported (*The Times* 27 Nov) that there is a proposal to use floating rather than fixed turbines. Interestingly, the report emanates from the Crown Estates which leases sites around the coastline for energy development. The Crown Estates granted a lease to Statoil to locate 5 large floating turbines off the Scottish coast at Peterhead. This type of turbine is still being tested but is expected to be widely deployed by 2020.

Other Project News

There is other news of projects to savour:

Construction projects are threatened by a shortage of bricks. No one is quite clear whether this shortage is due to a genuine shortage of production or price. A brick that last year cost about 45p is now changing hands at about 85p.

In a quest to make aircraft quieter in flight, scientists at the University of Cambridge and Lehigh University in USA have started a project to how the feathers on the owl allow it to fly so quietly when hunting.



Picture courtesy National Geographic

Last, but by no means least comes news of a research project to investigate the rocks at two sites in South West Wales. For many years it has been thought that the origin of the blue stones that were used for the inner circle of Stonehenge came from Carn Meini, a rocky outcrop in the Preseli Hills. Now comes the news that the real site is actually a mile away at Carn Geodog.

As many as 82 bluestones made up the inner ring at Stonehenge. These had to be transported some 150 miles from the site

where they were quarried to the worksite around 5,000 years ago. Researchers from University College London and Aberystwyth University have traced the source of about 32 of the surviving 47 Bluestones using the latest technologies based on X-ray fluorescence.

The next trick is to understand how the Ancients designed the Henge, specified the stones, sourced them and then transported them 150 miles to the site.

About the Author



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Miles Shepherd is an executive editorial advisor and international correspondent for PM World in the United Kingdom. He is also managing director for MS Projects Ltd, a consulting company supporting various UK and overseas Government agencies, nuclear industry organisations and other businesses. Miles has over 30 years' experience on a variety of projects in UK, Eastern Europe and Russia. His PM experience includes defence, major IT projects, decommissioning of nuclear reactors, nuclear security, rail and business projects for the UK Government and EU. Past Chair and Fellow of the Association for Project Management (APM), Miles is also past president and chair of the International Project Management Association (IPMA). He is currently Director of PMI's Global Accreditation Centre and the Chair of the ISO committee developing new international standards for Project Management and for Program/Portfolio Management. He was involved in setting up APM's team developing guidelines for project management oversight and governance. Miles is based in Salisbury, England and can be contacted at miles.shepherd@msp-ltd.co.uk.