

UK Project Management Round Up



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INTRODUCTION

I got off to a pretty poor start to the New Year and missed my deadline for the January edition so I have a small backlog to clear. This month I want to look at some transportation projects, construction issues, defence capability and energy sector matters, so quite a lot to get through.

TRANSPORTATION

The main issues around transport in UK relate to the lack of space for most of the major projects needed so we have more upgrades than blue sky projects. This generates quite a few problems as commuters and others found over the Holiday period where several much needed improvements to major hubs overran their durations and so the commuter capacity was severely affected. The good news is, however, that the work, especially around Reading, has been completed and the lines are all open again. There is an extensive programme of rail improvement in and around London but Manchester and the Midlands also can expect some new work in a series of projects costed at over £10million.

Sticking with the rail industry, the much debated High Speed 2 line continues to spark controversy as the revised route is announced. Press reports in December suggested that the schedule for the northern extension, intended to improve links between Manchester and Leeds may be delayed by up to 3 years. The delay is attributed to escalating costs and problems with Network Rail's electrification programme. The cost of changes needed to allow electric powered trains to run on the route, rather than diesel, is thought to have escalated well beyond the original estimates. Experience of similar electrification on the West Coast Mainline has shown that costs can be difficult to forecast. The cost for electrification of the line from London to Swansea has risen from £1 billion to £1.7 billion and the cost of similar work on the line between Bedford and Sheffield has risen from a planned £650 million to over £1 billion. The works programme is the biggest overhaul of the nation's railway system since Victorian times and involves many major infrastructure

projects such as Cross Rail and the electrification of about 2000 miles of track. The overall budget is now in the region of £34 billion and is at the mercy of the Treasury as Network rail's deficit has been reclassified as a government liability.

Slightly different in character is the issue at the heart of the Great North Western Railway where the route has been blocked. This new operator, owned by Deutsche Bahn, would challenge the current monopoly held by Virgin Trains but a decision by the Office of Rail Regulation has blocked the route. Leading to a row involving the Government who are accused of failing to promote competition amongst rail operators. The dispute rumbles on.



Richard Noble with Thrust2
courtesy richard-noble.com

From Rail to Road – it is 18 years since the Land Speed Record was broken, there are 3 teams trying to raise the speed from its current 763 mph to over 1000 mph. The British team is led by Richard Noble (left) who is bankrolling the £40 million project which also aims to interest young potential engineers. Andy Green, holder of the current record is the 'pilot' for this attempt and is expecting a test run later this year at over 800mph in South Africa.

Press reports indicate that the team have found that just going for a record, even for one so high that it seems impossible, does not get much support from sponsor, hence the appeal to schools, universities and government agencies. This part of the project has been highly successful: the Ministry of Defence has given the project two Typhoon fighter engines in the expectation that the lift to British engineering will lead to easier recruiting of the specialists urgently needed. Some 5,700 schools follow the project on social media so there is some expectation that MoD will not be disappointed.

DEFENCE PROJECTS

The Ministry of Defence has enough problems on its hands as British tank making seems to have vanished, as a contract to build the next generation of British Army tanks has gone to General Dynamics of USA. The deal, costed at £3.5 billion, will see around 600 Scout light armoured vehicles replace the aging fleet of Scimitar armoured reconnaissance vehicles.



General Dynamics Scout – Image: bbc.co.uk

As an ex-commander of a Battery of Scimitars, I am sad to see the change but when you know that my command ended in 1982, you can see how well the British vehicle has lasted.

Furthermore, there are arguments over the cost of the Royal Navy's new line of ships as cost escalation and delays hit just as decisions over contracts for a new range of frigates. There is no doubt over how many of the original order for 13 Type 26 frigates can be afforded. This order was a major plank in the recent debate over the Scottish independence as the contract would have gone to yards on the Clyde. Apparently increasing sophistication of weaponry, electronics and propulsion units has contributed to escalating costs. Similar problems were encountered in the purchase decisions over the Queen Elizabeth Class aircraft carriers as well as the Type 45 destroyer programme. Higher costs seem likely to leave the number of ships commissioned much smaller than the projected capability requirements.

ENERGY PROJECTS

The big debate in the energy sector is how low the oil price will fall. The press has been full of reports that major players in the oil and gas sector have shelved plans for new projects ever since the price fall began last year. Shell and BP have both announced reductions in head count, shelved exploration projects and a general cut back in expenditure as the price of crude has fallen to new lows over the last 6 months. It is not just exploration projects that are hit as rigs are mothballed, outage projects cancelled and new commissions dry up.

Against that background, then, it is encouraging to report that Shell have committed to an \$11 billion project in Iraq. Shell are bankrolling a major new petrochemical plant outside Basra. Called 'Nibras', it will be one of the largest foreign funded investments in Iraq and one of the most important in the whole Middle East region according to *Nasser al-Esawi*, the Iraqi Minister for Industry.

HERITAGE PROJECTS



Image English Heritage

Two major heritage projects have been in the news this past month. First, a local problem in Wiltshire as traffic piles up around Stonehenge. The success of the project to improve amenities at the World Heritage site has resulted in a huge increase in the number of visitors, causing parking and traffic problems. The solution proposed some 20 years ago is to build a tunnel under the hill upon which the Neolithic stone circle sits.

New proposals have been met with mixed feelings as the project is expected to cost some £1.3 billion. Various stakeholders such as English Heritage have dropped their opposition to the 1.75 mile tunnel which will take a widened main road under most of

the huge site. Others point out that the tunnel would cut through a great deal of possible archeology that has yet to be discovered. If this sounds a crazy argument, cast your mind back to the Marmaray project in Turkey that saw an 8.5 mile tunnel that linked Europe to Asia in Istanbul. The project was beset with delays as more and more archaeology was encountered as the tunneling progressed. While Istanbul has a much longer and more dense history of inhabitation, discoveries are emerging almost monthly at Stonehenge as faint traces of stone age man are found and explored.

The other major heritage project concerns HMS Victory, Admiral Lord Nelson's flagship at the battle of Trafalgar. The ship is now 250 years old and outwardly looks in remarkable condition for a ship of its age. True, the masts have been reduced in height but the ship, built to house a crew of 800 men and 104 cannon seems as indestructible as anthem Hearts of Oak implies.



From Wessex Archaeology

However, a report commissioned by the Ministry of Defence has found that there is considerable rot in the venerable timbers deep in the hull. A major restoration project has been announced that will see MoD contribute some £25 million and the Gosling Trust another £25 million with a top up of £5 million from the National Lottery Heritage Fund. This is not the first time Victory has received major attention with major work being carried out in the 1970s. The Director of Conservation, Andrew Baines also pointed out that the ship had been rebuilt twice between its launch in 1765 and the Battle of Trafalgar in 1805.

PROBLEM PROJECT OF THE MONTH

Another project area close to my heart is the decommissioning at Sellafield. Having had some involvement with the decommissioning of the Advanced Gas Reactor at what was then known as Windscale, I read with interest that the Government funded programme of work entrusted to Nuclear Management Partnership (NMP) has hit the metaphoric buffers and the contract has been halted.

Work to deal with nuclear waste and installations at Sellafield was contracted out at a cost of some £22 billion by the Nuclear Decommissioning Agency (NDA) in 2008. Since then, there have been constant reports of project delays, cost overruns and poor contract management. Press reports have cited many cases of profligacy and now the Public Accounts Committee has said enough is enough. This comes against the recent extension of the contract by NDA – in the face of strong opposition from unions and others. Cost estimates for the clean-up are quoted at some £79 billion. NMP is a venture between AMEC, Areva and URS from UK, France and USA respectively.

CLOSING REMARKS

It may sound like British project management is having a pretty hard time of it with a major failed contract at Sellafield, loss of tank manufacturing and oil related problems. In fact, the sector is showing resilience, particularly in the training and development areas where there is strong support for modern apprenticeships (APM and others), extensive support for university technical colleges (the most recent announcement is from Bentley in Crewe) and much investment in people amongst many project based companies. This last aspect was much in evidence at the APM awards where much of the conversation was about improving performance and celebrating success.

Don't forget that good news does not sell papers!

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.

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