

UK Project Management Round Up



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INTRODUCTION

There have been two overwhelming topics that dominate events in UK – first came the news that the Government called a snap election. Mercifully the lead time is only six weeks for we are spared some of the interminable ranting from political groups with little new to say. Then came the devastating bombing of the Ariana Grande concert in Manchester. The murder of twenty-two people, mainly young fans, has shocked the Nation and caused intense police activity in the weeks since the attack. These events have overshadowed events in the Project World but there is still some activity to report.

Brexit still looms over the country but there is progress on the CrossRail front as well as on alternative energy programmes, reaction to the cyber attacks, and space projects.

BREXIT

Well, Brexit has not gone away – much as many observers would like. Not surprisingly it features prominently in the run up to next week's General Election and much of what we hear is little more than hooligans shouting through letter boxes. The only significant comment in the national press is commentary that the effective devaluation of Sterling has not brought with it the expected longer-term boost in export sales. There are also reports from the European Central Bank (ECB) to the effect that BREXIT will not affect eurozone financial stability. The concern has been that a punitive deal for the City of London would impact on Continental dealings, a notion that the ECB has firmly rejected. This is likely to be a long running debate that may well impact on transnational projects and existing Euro contracts.

CROSSRAIL

Progress on Crossrail continues and the project is set to achieve a major milestone shortly. The first of the new trains will enter passenger service on the Transport for London (TfL) Rail route between Liverpool Street and Shenfield. This is the first stage of the phased introduction of the new service that will be named the Elizabeth line when it opens through central London in December 2018.

The Elizabeth line will increase central London's rail capacity by 10 per cent when it is fully operational, serving 40 stations, with up to 24 trains per hour in each direction. An additional 1.5 million commuters will enjoy better access to jobs and opportunities in London's major employment centres.



Photo: Crossrail

The project is now 83 per cent complete. The work programme continues with construction of stations progressing well across the route. Fitting out of the Tunnels, shafts and portals, ventilation fans and all the communication and signalling systems required to operate the railway is nearing completion.

The next major milestone is scheduled for May 2018 when the TfL Rail service opens between Paddington and Heathrow, replacing the existing Heathrow Connect service and part of

the Great Western inner suburban service. However, a major stumbling block is on the route: the owners of the private line from Paddington to Heathrow are demanding what they call an "investment recovery charge" of £570 for each time the line is used, in addition to the agreed fee of £107 "operational expenditure" fee. Estimates put the extra charges at £42 million annually and this would offset the £1 Billion that Heathrow had to find to build the line used by the Heathrow Express. The Office of Rail and Road (ORR) rejected the proposed fees and Heathrow challenged that decision. The High Court ruled last week in favour of the Regulator on the basis that the amount that Heathrow airport could charge Crossrail — and others — for using the spur could not include any amount connected to the recovery of the original building costs.

The Airport is counting on the arrival of Crossrail next year as part of its plans to treble the airport's rail access. According to reports in *The Times*, the High Court decision has raised questions over whether the stance taken by ORR risks discouraging future private investment. The Heathrow Express is a nice little earner for the Airport. Fares vary between £10 and £50 return. It carries 17000 passengers a day for a 15 minute journey. Assuming an average ticket price of £20 (which allows for single only fares) , revenue generated works out at about £340,000 per day, £10 million per month and £2.5 billion since the £1 billion building costs in 1998. No account of the changing value of money has been made in this rough calculation. For those interested in a full update of the project see:

<http://www.crossrail.co.uk/news/quarterly-crossrail-update/>

OTHER AIRPORT PROJECTS

The other major airport project in UK is the Heathrow Expansion which is proposing to build a third runway at London's biggest, and the world's sixth busiest, airport. Part of the plan involves the M25 motorway, one of the busiest routes in UK and at the western end of Heathrow, is 10 lanes wide and intersects with the M4 just north of the Airport. The problem is whether to build the runway over the motorway or

reroute the motorway under the new runway, via a tunnel. Consultation of the plans closed towards the end of May and drew much comment on the issues of risk and cost analysis of Heathrow's plans to build over one of Europe's busiest motorways.

IAG, which owns BA, Aer Lingus and a handful of other airlines which use Heathrow, estimates bridging the M25, close to the M4 junction, would cost £2-3 billion on top of Heathrow's already 'over-inflated' £17 billion bill for the third runway. All costs will be paid for by airlines using the Airport and will certainly be passed on to the flying customers and commercial organisations at the various terminals, driving up the cost of travel via London. In its submission, IAG claims that Heathrow is the best option for expansion but the airport should focus on a shorter runway (3200m rather than 3500m) that doesn't breach the M25 and can be delivered to a business case that keeps current charges the same or lower than today's.

Willie Walsh, IAG chief executive, said in a press release last month: "Airlines were never consulted on the runway length and they can operate perfectly well from a slightly shorter runway that doesn't cross the M25. Bridging the M25 means years of disruption on a motorway already plagued by delays and congestion. As well as increased costs, this will have a huge impact not only on motorists but on local communities around Heathrow.

"The airport has yet to produce a business plan that assesses the financial implications and risks of bridging the M25. We will not pay for a runway that threatens both costs and delays spiralling out of control and where critical elements of the project could be undeliverable.

"Britain needs cost-effective airport infrastructure that benefits the country rather than Heathrow's shareholders. It is already the world's most expensive hub airport and customer charges must not increase to pay for the new runway. We urge the Government to benchmark Heathrow's costs against other similar global schemes".

Clearly this major infrastructure project needs sound project management to achieve the benefits forecast – and that includes a sound business plan for the whole airport and then careful estimates for the project.

ALTERNATIVE ENERGY

First the good news: Britain has generated electricity for a whole day without burning coal for the first time since the Victorian era. This milestone indicates the decline of a polluting fuel that has been essential to the country's energy production since the first coal-powered generating plant opened in London in 1882. According to reports in the Times, coal-fired power stations were Britain's biggest source of electricity as recently as 2013 but are now in their death throes under the impact of environmental measures and subsidised renewable plants. On top of that, only 9.1 per cent of Britain's electricity came from coal last year and the government plans to shut all coal fired power stations by 2025. And last month included a single day when renewables produced more energy than nuclear for the first time.

We are well used to the notion of wind turbines, large windmills on land and increasingly at sea, as generators of electrical power. Now comes a new twist on the theme – kite power. It has just been announced that the world's first wind farm powered by giant kites is to be built in Britain.

Twenty kites will work in pairs to generate electricity by powering a generator by means of a tether wrapped around a rotating drum on the ground. Pairs of kites take it in turns to fly out and back, ensuring that the power supply is constant.



Photo: Times and Kite Power Systems

Kite Power Systems (KPS) has successfully tested a 40-kilowatt version and this summer will test a 500kW version at a former RAF base in southwest Scotland. KPS claim that their system has a much lower Levelised Cost of Energy (LCoE) than conventional wind and other renewables, can be optimised by flying at the height with the strongest wind and has low operational and maintenance (O&M) cost and high availability. Kite Power Systems, which is backed by Shell, plans to build ten of its 500kW systems. Site selection is expected in September and construction to start by 2020

CYBER CRIME

The impact of getting it wrong with Information Technology has been in the global headlines recently with the WannaCry attack on servers in more than 150 countries. This reinforces the need to keep security software up to date and to have a strong back-up regime in place. It is also a good idea to test the back-up from time to time, just to see whether reinstalling data actually works.

In UK and all over the EU, a new law is coming into effect in just under a year's time. The General Data Protection Regulation (GDPR) will allow consumers to demand access to personal data held by companies to verify accuracy and to ask why such data is held in the first place. Breaches of the Regulation will cost 2 – 4% of annual turnover or €20 million, whichever is the greater. There's more to GDPR and some of it may affect how Project Managers manage data concerning stakeholders but quite how remains to be seen. Sounds good, wonder if it will work?

SPACE PROJECTS

Most readers will not associate Space Projects with UK but we have a flourishing industry that builds specialist components such as batteries, provides whole life testing for deep space missions as well as construction of complete satellites. Not only that, we also have a National Space Agency, based in Swindon. Launched on 1 April 2010, not perhaps the most auspicious date, it manages the UK civil space programme, which is most certainly not a joke. Prior to the creation of the UK Space Agency, the space and satellite industry in the UK was valued at £6 billion in 2010 and supported 68,000 jobs. The sector now contributes £9.1 billion a year to the UK economy and directly employs 28,900 and nearly 40,000 others. The sector has an average growth rate of about 7.5%. All this was celebrated at the biennial UK Space Conference held in Manchester where **Major Tim Peake**, the astronaut, gave the closing address.



Goonhilly Earth Station. Photo: The Cornwall Guide

One new contributor to the Space Race 2.0 is the Goonhilly Earth Station, in the far South West of England. Chief Executive Ian Jones is planning Lunar Pathfinder, a commercial venture run in partnership with Guildford based SSTL. For £1 million per kilo, researchers can buy space on an SSTL-built craft to carry Cubesats — mass-produced miniature satellites — into lunar orbit. Goonhilly will act as mission control as these are released, receiving the data they beam back via its satellite parked in space. All of this grew from a back on an envelope business plan nine years ago and is based on a firmly scientific approach.

CONCLUSION

It has been a tough month in UK and the outlook is mixed. Some see the realities of BREXIT as a threat and other as an opportunity. The only certain thing is that life will be different! As always. It will be project managers who will get us through the hard parts, manage the change and come out smiling.

About the Author



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