

## **UK Project Management Round Up**



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### **INTRODUCTION**

Traditionally, the summer months have been seen in UK as ‘Silly Season’ with the press and mainstream media finding little ‘serious’ news to report. With so little hard news around, anything remotely serious is picked over endlessly and for that reason, we are getting more and more over-analysis of political utterances and this year those concern BREXIT, a topic which has induced utter boredom in UK; so this is the last I will write about it in this issue.

One of the key aspects of the Silly Season is that it is not a good time to announce news as the national press goes to town on almost anything. So it is a surprise that there is news of major projects, some of which falls into the seriously bad bucket. As last month, there is also some good news even if the Fourth Estate gives it minimal coverage. Those of us in the Fifth Estate do not shirk what we see as our duty to bring you outlier views of contemporary society.



Photo courtesy Londonist.com

### **THE GOOD NEWS**

New buildings in the City of London are frequently given names like the Walkie-Talkie, Gherkin, The Shard and so on. Most have become notorious for one reason or another either from problems in the technology behind them or from finance problems. I reported on the Helter Skelter back in 2012 when the money behind the project dried up after some £500 million had been spent. The project, which was planned as the second tallest building in Europe (after the Shard) supported by the deepest foundations ever laid in the UK,

was funded by oil money from the Middle East. Anyway, the site was abandoned and was nicknamed the Stump (see picture left) nothing happened till the site was purchased by **Sir Stuart Lipton**. He saw an opportunity, the site already had

planning permission, the foundation and basement had already been laid and best of all, it was cheap at £300 million.

The project has been redesigned since the 2015 purchase and is now officially known as 22 Bishopsgate although it will no doubt get another, less formal, name soon. Much of the original Stump has been demolished and a new design by Karen Cook whose previous employer had designed the Pinnacle. Work is now progressing with some 400 construction staff on site, including 30 who work overnight. Progress to date is 27 stories at a rate of about one story a week. The final build will top out at 278 metres and 62 stories. Cost is estimated at £1.5 billion.

More good news comes from the futurologists who predict that robots will not be quite the threat the doom-sayers claim. Productivity in UK is pretty poor according to the reports in the press and there have been many reports in the media that the robots are coming to take all our jobs. For the more tech savvy reader it will come as no surprise that the robots are already here and doing a pretty wide range of tasks. So we see much automation in a range of engineering industries. Some of the professions also feel threatened by humanoid robots having seen robot assisted surgery.

While all this may seem scary, the futurologists claim that only the 'most miserable jobs' will go to robots. Citing examples from industrial history, Lord Young of Cookham claims that the threat posed by internet giants such as Google and Amazon can be controlled by government legislation but some will feel he is missing the point as we learn about humanoid robots in Japan that provide social interventions for lonely Seniors while others point to the possibility of sex workers being replaced by robots – seems pretty unlikely to me but you never know!



How does this affect the Project Manager, I hear you say? Well, many of our routine jobs can and should be automated. How useful would you find it to have an App on your personal communication device (no-one has a phone anymore) that automatically warned you that project performance was suboptimal? It does not stretch the imagination to think that Siri and other smart apps might fulfill such a role, reducing the role of the PMO and making some Controls staff superfluous. Artificial Intelligence is capable of limited decision making now so how will this develop in the future and how quickly will we adapt? Now would be a good time to brush up on Asimov's Rules of Robotics!

Last month also saw the publication of the Infrastructure and Projects Authority's (IPA) fifth Annual Report. The report is part of the UK Government's Transparency and accountability reporting. Full details of the 149 projects making up the portfolio will find the report available at [www.gov.uk/government/publications/infrastructure-and-projects-authority-annual-report-2017](http://www.gov.uk/government/publications/infrastructure-and-projects-authority-annual-report-2017) .

The Government's Major Projects Portfolio (GMPP) consists of 143 projects worth £455.5 billion and spread across 17 government departments. The report meets IPA's ongoing purpose to improve the way infrastructure and major projects are delivered.

The portfolio reflects the government's priorities; stated to be making UK infrastructure fit for the 21st Century, maintaining the security of the realm, and modernizing and digitizing public services.

The [annual report](#) provides a snapshot of how well these projects are progressing as of September 2016. The data shows a steady improvement in the way that government is delivering major projects:

- over 60% of projects by whole life cost are likely to be successfully delivered
- since last year's report, the number of at risk projects has reduced from 44 to 38, which continues to be an improvement from 48 the previous year
- transformation projects continue to make up the largest category of the GMPP with 40 projects
- the infrastructure and construction sector is the largest area of growth on the GMPP, reaching a record value of £222.5 billion

The government has successfully completed a number of projects during the last year such as DCMS's Super Connected Cities Programme, which enabled an extra 42,500 small business across the UK to have access to faster broadband.

**John Manzoni**, Chief Executive of the Civil Service, said:

*This year's report continues to reflect a broad and ambitious government agenda with transformation and infrastructure and construction remaining key priorities.*

*The data shows signs of steady improvement in the way government is delivering major projects. All government projects are designed to improve the lives of our citizens. As we continue to deliver, the benefits of these projects will be felt by the public.*

**Tony Meggs**, Chief Executive of the IPA, said:

*We know that success or failure of a project is often determined in its earliest phases. That is why the IPA is focussing its efforts on engaging and supporting specific projects in the early stages of their development. We will continue to work with departments and industry as early as possible on their projects, so we can help ensure they are set up for success.*

So the outlook is generally good and some projects have been highly effective. The key indicator show steady improvement which is encouraging.

## THE BAD NEWS

Despite the good news in the IPA Annual Report, not all Government projects are going well. Last month, I reported the current state of play with the Queen Elizabeth class aircraft carrier. This month comes news of the aircraft planned to fly from these platforms and it is not good.



Photo: Getty Images

UK bought a batch of **F35B Lightning II** aircraft at between £77 million and £100 million. Delivery is scheduled for later this year but this seems an overly optimistic estimate and a more realistic schedule is for delivery sometime in the next 2 years. The per aircraft price is now more than £150 million. Cost escalation is apparently due to extras such as software upgrades, spares and cost reduction initiatives, according to reports in the UK press. Furthermore, there are worry performance issues cited in the report with cyber security a major issue if the report is accurate.

Another old chestnut is **Hinkley Point 3**. The latest plan from EDF, the developer, shows that the project is expected to be several years late and £ billions over budget. The target for power delivery is 2015 but reports in *Le Monde* claim this is seen by EDF as no longer realistic. Apparently 2027 is seen as more realistic but the delay is expected to add a further €3 billion to the bill, and this does not take account of currency fluctuations. The National Audit Office report, publicly available from their website ([www.nao.org.uk/report/hinkley-point-c/](http://www.nao.org.uk/report/hinkley-point-c/)) states that “*The Department has committed electricity for consumers and taxpayers to a high cost and risky deal in a changing energy marketplace. We cannot say the Department has maximised the chances that it will achieve value for money*”. The NAO summarised the main findings of its report:

In developing effective oversight and governance arrangements for the HPC project, the Department should draw on best practice from other areas of government and internationally, and in particular:

- Ensure, as soon as possible, that it and LCCC have the information and skills required to manage the contracts. This includes having detailed monitoring information against milestones to flag for any deviations from the planned timetable; establishing and safeguarding sufficient capability for LCCC to interpret and, if necessary, challenge NNBG's compliance with its contractual obligations; and having a clear process for identifying and escalating project issues to senior decision-makers.
- Make clear who in government is accountable for the different aspects of oversight and governance. This includes who holds ultimate responsibility to represent consumers' and taxpayers' interests during the project.
- Establish review mechanisms to ensure oversight structures are effective across the lifetime of the project. The oversight arrangements will need to evolve over time as the project progresses through construction and into the operating stage. There should be a plan in place at the outset for when and how these changes will take place.
- Develop and implement a plan to track the realisation of the intended benefits from the HPC project. This includes working with stakeholders to enable national and local benefits for the project. The Department should consider what levers it has to influence the realisation of intended benefits.

## SHORT REPORTS

Other news items in the UK Project World include:

- **Tram Project overruns:** The project run by Network Rail is 30 months behind schedule and 5 times over budget. This is a technically difficult project requiring access to track used for normal operations and thus is difficult to schedule. NAO made a number of governance observations noting that In July 2016, the Permanent Secretary recommended stopping further work on the project. The Rail Investment Board, with the endorsement of the Permanent Secretary, recommended stopping the project as many of the lessons of using tram-trains in the UK had already been learned. The Board stated that this would release at least £20 million from the Department's budget but the majority of the £25 million already spent by Network Rail would be lost. The Department did not prepare or request a revised business case at this point.
- **UN Heritage Attack** on Stonehenge Tunnel. There has been much finger wagging over the plans for the tunnel to bypass World Heritage Site Stonehenge. No other route is available for an overground solution. A longer tunnel seems an unlikely option due to geological conditions. This is an interesting stand-off with no agreement between stakeholder groups.

- **Tintagel Bridge deadlock.** A spectacular foot bridge to link the Arthurian castle with the mainland could result in added congestion, damage the site and lead to increased visitor costs. Oh, and the bridge will have to be closed in windy conditions. English Heritage's plans have come in for sharp criticism from the Castle's Steward who has joined dozens of others to formally object. The bridge is to replace the narrow land link that crumbled into the sea to create the strong defensive location for the Castle.
- **Rail Electrification Cancelled.** Three major railway projects have been cancelled as the Government announced plans for new trains which can run on both electricity and diesel. Operating on the Midland Main Line, Great Western Main Line and in the Lake District, the introduction of "bi-mode" trains means that electrification of lines between Kettering, Nottingham and Sheffield, and between Windermere and Oxenholme, were no longer needed. Electrification plans were put on hold late in 2016 and the cancellation of the work frees up some £146 million and £165 million, which would be used to deliver "additional benefits to passengers".

### **CLOSING REMARKS**

Considering this is usually the quiet time of the year from a reporting point of view, an awful lot seems to have happened! I am greatly encouraged by the cancellation of the electrification projects because it shows someone actually understands the basic principles of project planning, business cases and benefits management.

I have not had time to review what is going on at the Association for Project Management who are well into their planning for the implementation of their Charter. I am due to meet the Chief Executive soon and will be asking for an overview to pass on next month. Watch this space!

## About the Author



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**Miles Shepherd** is an executive editorial advisor and international correspondent for PM World Journal 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 a Director for PMI's Global Accreditation Centre and is immediate past 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](mailto:miles.shepherd@msp-ltd.co.uk).