

## **UK Project Management Round Up**

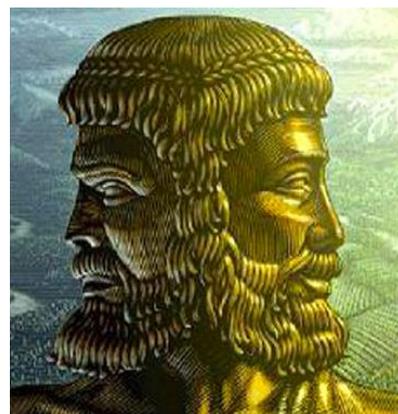


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### **INTRODUCTION**

Because it is January, and January is named after Janus, the Roman god of doors and gates, I thought we would look forward to what is coming in 2018 and back at 2017. As you know, Janus looks forward and back but what you might not know is that in ancient Roman times, the year began in March.

I've missed a couple of reports recently, not because nothing has happened in the project world in UK, but because I have been wrapped up in two personal projects, the first is in its closing phase as I have just handed in my M Res dissertation and the second, for which I am only the sponsor is at a critical stage. Both have taught me a great deal, the first about Bodies of Knowledge and the second about what a difficult job the sponsor faces. In my case, the PM requires support but not direct interference. It's a good thing we don't have any other house remodeling tasks lined up – it is very wearing when your wife is the PM!



Picture courtesy Creative

And so on with the report. The one constant theme from last year and the next is BREXIT. We have been through all the hoo-ha of allowing ourselves to trigger the exit notification and much of the negotiations but there is still a lot of work to do and not much time to do it in. We still have some people demanding another referendum on the exit notion and other wanting to vote on the exit terms. There are times when it seems that people do not stop and think. And that is all I will say about BREXIT for this report.

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### **ANNUAL REVIEW**

Normally I'd start my review in January but as I did not report this time last year, I will skip a month except to say that January saw the only Leap Second (we added a second to our year by retiming Big Ben) I have ever known. Details were in the February PMWJ report.

**February** was notable for reports on corruption involving UK firms and government departments. Reports came thick and fast despite the Anti-Corruption Summit in London in Dev 2016. This was a topic that did not go away – see April’s report.

One of the other major topics to emerge was problems with contract management for major projects. There have been several embarrassing incidents, typically involving the nuclear clean-up work. The example examined this month was the Nuclear Decommissioning Agency’s handling of the Cavandish Flour Partnership contracts. This problem reemerged later in the year – see October’s report.

**March** saw good news about Stonehenge, the tunnel routes were announced. Our leaders had a taste of project management as Members of Parliament started to think about a new home while Palace of Westminster undergoes a £multi-billion renovation.

On the less good news front, doubts about the proposed Garden Bridge across the Thames were emerging – the project was eventually canceled in August.

**April** brings my only mention of BREXIT in this report but I could not omit the announcement that Article 50 of the Treaty of Rome was approved by Parliament and the Prime Minister formally notified the European Union that we would be leaving. The clock began ticking – is this a programme?

Mixed reports emerged about corruption in UK – one paper claiming UK to be the most corrupt country in world but another – back in January we were reported to be the least corrupt country in the world.

But the big news was that APM became the Chartered Body for PM in UK. I was privileged to attend the unveiling of the Royal Charter and to hear about the exciting work ahead. This was particularly gratifying as I had started work on the feasibility of the project back in 2003 while was Chairman.



*John McGlynn, Chairman, David Wabooso, President and Sara Drake, CEO with the Royal Charter. Photo APM*

This made the further reports of contract mishandling, again involving NDA and HS2 even more distressing. In the meantime, Westinghouse, the US nuclear constructors owned by Toshiba, filed for bankruptcy protection after walking away from two AP 1000 projects in USA, and audit problems of the parent company. There is a potential knock on impact on major nuclear projects in UK.

**May** for me, the month passed in a haze of research but the woes of some major companies continued unabated.

**June** And a General Election called was called by the Prime Minister but luckily for us, we only had to endure 6 weeks of ranting politicians trying to sucker us into voting for them. Much worse was to follow with a murderous bomb attack in Manchester that left 23 people dead, mainly young girls who had been attending a concert by Ariana Grande. There were no project related lessons to be learned apart from the sharp reminder that the price of peace is eternal vigilance (attributed to Lord Courtney, Gooch 1920).

The first phase of the Crossrail opened with the first of the new trains entering passenger service on the Transport for London (TfL) Rail route between Liverpool Street and Shenfield. Other transport projects were mired in controversy as a proposal to bridge the M25 orbital motorway was rubbished by the owners of Heathrow.

A little late for the first buds of spring but the month saw the very welcome news the UK had its first day of producing electricity without using coal. There was even better news later in the year so read on.

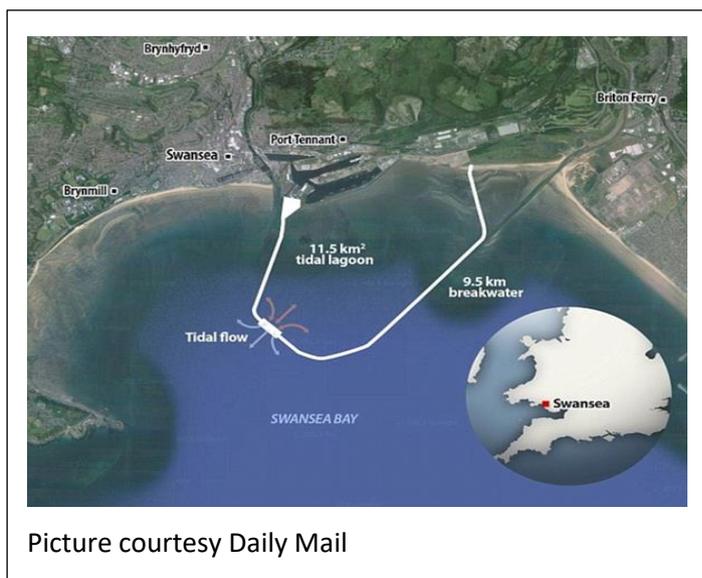
Other news on the alternative energy front was the sharp drop in wind power announced in Guardian newspaper. And we also had news about the novel idea of using kites to generate electricity.



*Picture courtesy Kite Power Systems*

**July** was notable for further contract news. £6.6 billion worth of contracts were awarded for HS2 civil engineering projects. Four consortia picked up packages to deliver the seven civil works programmes which make up phase one of the £55.7bn line from London to Birmingham. Costain, Skanska and Strabag picked up two packages as did Balfour Beatty, Vinci and Carillion and the Kier and Eiffage team. Bouygues, Sir Robert McAlpine and VolkerFitzpatrick got the remaining package.

More news came on the alternative energy front as United Downs Geothermal sought crowd funding to supplement the £2.4 million it received from Cornwall County Council and £10.6 million from the European Development Fund to build a plant near Redruth. Drilling is expected to start later this year – watch this space for further news.



There were further reports of reduced costs in wind power production so it must have been a blow to learn that the subsea cable of the west coast of Scotland had been delayed. And finally, on the alternative energy front, the innovative tidal power project in Swansea Bay was reported to be at risk according to investors reported by the Financial Times.

Traditional energy production received a boost as the Kraken oil field production came on stream but there was bad news to follow later in the year – decline in North Sea oil price leading to losses for HMG

Other news of HS2 concerned the route of the next phase which was announced this month. As was to be expected, the route was controversial with attacks launched as soon as the route was made public. Some of the claims cited major issues such as subsidence in areas where coal had been mined for generations but other claims seemed to be “fake news”.

HMS Queen Elizabeth, the monstrous aircraft carrier started its sea trial – all seemed good but there were problems to follow later in the year.

And then came the shocking Grenfell Tower fire. I won't repeat the awful images but there are clear lessons to be learned at many levels. The Government seemingly has no national emergency preparedness plans, nor do Local Government. The media failed completely to raise awareness of minimal emergency reactions every citizen can make and the follow up was pathetic. No one seems to have listened to the warnings made by Professor Stephen Wearne of Manchester University when he called for plans to be made on how to cope with civil emergencies in UK. Our major charities do wonderful work all over the world but conditions are different in our own back yard, as are the kinds of emergency that might befall a First World country.

This is a major opportunity for the project world to react so I expect to see APM and others stepping up to the plate. USA seems to have had similar problems with hurricane-struck Puerto Rico, still suffering months after the disaster. Oh, there has been one small intervention – read on...if you can't wait, skip to December.

**August** is traditionally the high point of the 'Silly Season' and is often seen as a good time to release bad news. The news that the Garden Bridge project was cancelled before it got beyond the early planning stage was either good – because someone listened to the feasibility report and acted accordingly – or bad if you just looked at the prettiness of the bridge but not its annual running costs.

Other bad news was major overspends on Cross Rail projects where some came in at 255% over budget. A report on some 43 contracts had been withheld and not even a Freedom of Information request released the damning numbers. It took court interventions to bring the spend and delay numbers out into the public gaze.

Rail as a sector was in some disarray in the summer with Network Rail coming in for severe criticism over delays and cost overruns on the West Coast Electrification programme. This is a major PFI initiative and the taxpayer is getting hammered because of contract terms on train procurement. This seems to be a continuing theme with government procurement: first we had the problems at Sellafield, then over some HS2 contracts and now the train supply contracts – all have had problems, admittedly not the same type of problem but it does show that contract administration is complex, difficult to model and hard to recover from if you get it wrong.

Better news in the energy sector where the Guardian reported sharp reductions in wind power costs. Futurologists also had some news, our jobs should be safe from the rise of the robot – only the most mundane jobs will be taken over. Not sure this is right, especially for projects as I can see opportunities to automate/roboticise many controls jobs.

We also had a generally positive Infrastructure Projects Authority Annual Report on the Government Major Project Portfolio. But then the next procurement problem sprung up – the F35 fighters for HMS Queen Elizabeth were going to be late, perform less well than expected and of course, cost a very great deal more. This was a problem that just did not go away and dragged on into December when MPs woke up to the situation, not that they could do much except work themselves into a tantrum.

On the nuclear front, we had further Hinkley Point delays and cost overruns – I am beginning to lose interest in new nuclear as I doubt that I shall be around to see any electricity generated – and on bad days, I doubt that I will even see the start of construction. At least AMEC Foster Wheeler won a major Sellafield contract.

**September** and my optimism over Stonehenge evaporated as it was announced that the route was to be changed so the setting sun on two days of the year would not be outshone by light pollution from traffic on the A 303. Someone also came up with the idea that teaching could safely be left to robots – my wife, an ex-teacher, would not agree but then difference of opinion is what makes a horse race.

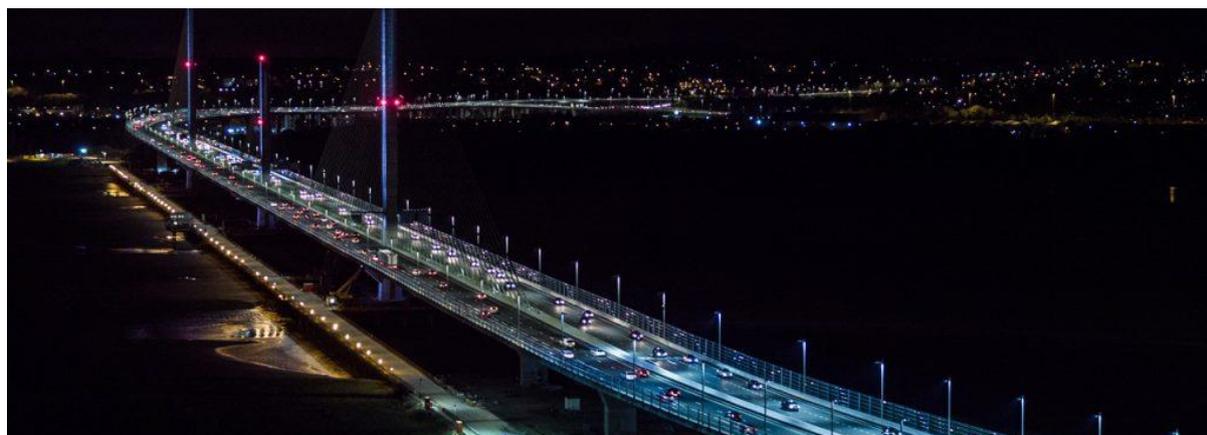
The late summer was spoiled by news that £50 million had been wasted on cancelled rail electrification projects and planned major maintenance and upgrade projects work shifted into the next decade – I know that is only 3 years away but what guarantee do we have that some major problems will ever be tackled. And in the background, Virgin and Stagecoach, train operators as opposed to track maintenance companies, scooped £47 million in dividends while attempting to renegotiate their contracts and at the same time reducing services.

There were further drops in wind power costs according to the *Times* but I am not sure if this is just editorial lagging (like fiscal lag where costs are reported long after they were incurred) further reductions. Anyway, this month we also saw work completed on the Solar farm built without subsidy, a welcome move on the alternative energy front.

There were further reports on the long-term threats to the Swansea Bay Tidal power project which has not attracted funding from central Government. This story rumbles on for the rest of the year

Queenferry crossing bridge opened at the end of August but news lag hit my report.

**October** saw the second of two major bridge projects completed in 2017. The Runcorn Bridge, now better known as the Mersey Gateway opened



The other bridge to open was the Queensferry Crossing in Scotland which opened in September. Both are splendid examples of civil engineering and project management.

This was the month when Big Ben fell silent, not to chime again for four years – oh the anguish of tourists who, I am assured by those who know, come to London specially to gaze upon Elizabeth Tower which houses the clock and the bell.

The shock to Members of the House of Commons was clearly overwhelming since it was announced shortly after Big Ben bonged for the last time that MPs would not be voting on whether to move out for the duration of the renovations or just sit tight and let the repairs go on around them.

Just to round off the month, the planning inquiry about the Heathrow expansion was reopened.

**November** just when you might have thought it safe to venture out into the rain that marked November, you might have been shocked to hear Big Ben bong. Special dispensation had been granted to allow the chimes to mark 11.00 on Armistice Day. It was a welcome return.



More HS2s were awarded for Phase 2 and it seemed to come at an opportune time for Carillon which had been having a torrid time on the London Stock Exchange.

Other HS2 news included the shortlisting of a Spanish firm to

supply 225 mph trains for the line with delivery expected in the mid-2020s. Spanish train builder Talgo joined the usual suspects, Alstom, Bombardier, Hitachi and Siemens in the hunt for the £2.5 billion prize.

On the nuclear front, Westinghouse's woes continued as Toshiba announced plans to sell their US nuclear division Westinghouse and raise £4billion. Another high technology project hit a major milestone when the Bloodhound Supersonic Car, or SSC, completed runs at 210 mph on an airfield in Cornwall. Just to show how personal scales differ, this was a low speed run...!

This month is when the Association for Project Management (APM) holds its Annual General Meeting. The event is even more low key than my day but it did allow key members of the Management to explain what has been happening at HQ and how the big picture is coming together. Full reports, including the presentations used, are available on APM's website ( <https://www.apm.org.uk/about-us/how-apm-is-run/> ) .

**December** winds down the year but there was a great deal of activity with further conflicts of interest reported. This time the finger was pointed at KPMG who were said to have a cosy relationship with the Chinese investor while at the same time advising the Government on related topics.

On the nuclear front, we learned that EDF believes it can deliver a cut price deal for a new plant next to Hinkley Point C. Apparently, it believes it can use plans it is developing for Sizewell C to cut 25% from the construction bill. Seems doubtful as EDF have had many problems with this reactor design and it has never been successfully built anywhere in the world. Experience in Finland and China should warn off the Government, especially as EDF have yet to complete one in France. Speaking of Hinkley Point, where pouring concrete began in March, the debacles over delays, cost escalation and design issues all threaten the future of nuclear power in UK.

Some stories came back to haunt us this month. The cost over-runs on the F35 purchase project came under parliamentary scrutiny once more. Surprise, surprise, the cost has risen once again and there is no improvement in performance.

The Heathrow expansion saga continues with a proposal to build a mini Terminal 5 to cut costs while there are claims that the re-opened Third Runway inquiry is illegal as Ministers are "biased". This latest blocking wheeze accuses the Ministers

concerned of supporting the conclusions of the Commission which recommended a third runway at Heathrow. Difficult to see how they could do otherwise but the legal mind works differently to others.

The Old Year has had its ups and downs, seemingly more downs than ups but that is BREXIT for you. The downs of concern to project people evolve around governance of major companies and the inability of central government to manage the bidding and letting of contracts. Contract management is not easy but can be done. There are forms of contract designed to help all sides develop effective agreements with safeguards for all concerned. It may not be a sexy subject but it is an important one and let's hope someone starts to recognize this in 2018.

Another down and one of considerable concern is North Sea oil. For many years, the economy has reaped the benefits of the British oil industry. Now, as the price of oil remains staggeringly low (despite the crazy prices for petrol and diesel) the industry cost the British taxpayer more than £300 million in tax revenue. Whether this is a long term problem is not yet clear but you can be sure that the Treasury and the parliament in Scotland will be watching this very carefully.

There has been some good news, though, and the most significant is the fact that we have reduced our reliance on carbon heavy fuels such as coal, and are beginning to increase the proportion of energy generated by alternative means. We have officially had our cleanest and greenest year ever, according to WWF, with more than half of our electricity coming from low carbon sources in the period June to September. Many other "green" records have been broken over the year and the outlook is good with costs for wind power dropping significantly, solar farms being built without subsidy support and possible new sources of power under active investigation. Such schemes as the Swansea Bay tidal power project and thermal power investigation in Cornwall all need support, both from entrepreneurs as well as Government.

## **Looking Ahead**

There are many things to look ahead to in the New Year. In the Spring, APM will be opening applications for the Register of Chartered Project Professionals. You can find out what is involved by reading the Registered Project Professional Standard available as a download from [www.apm.org.uk](http://www.apm.org.uk). Bloodhound SSC will be holding several runs in the first half of the year before moving to South Africa for high speed testing in October.

To end on a slightly lighter note, I am sure you will be pleased to know that Big Ben bonged again – ringing in the New Year from behind its scaffolding and tarpaulin cover. While in Westminster, we have a twist on fake news – Fake Peers! Someone has set up a "flat-pack" House of Lords to see how "we" could function in the event of a disaster. Some one is listening after all.

Happy New Year!

## 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@m-sp-ltd.co.uk](mailto:miles.shepherd@m-sp-ltd.co.uk).

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