

UK Project Management Round Up¹



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INTRODUCTION

It has been a long time since I did a round up of UK Project Management News and for that I apologise. To make up the gap in coverage, this month we will look at rail industry projects, the energy scene including nuclear, some project politics and professional society news. I suppose it is inevitable that we need to mention the topic on everyone's mind these days – BREXIT, but this will be short and I'll get it out of the way first.

BREXIT

The subject of UK leaving the European Union has occupied untold column inches in the press and almost interminable coverage in the broadcast media. It is startling how little information has been imparted but we are not short of speculation, overwrought opinion and obfuscation. At long last, we have what Project Managers would recognise as heads of terms, the first stage in long and complex negotiations. This is currently the subject of much debate but almost no one seems to have read the 600 page document, nor is there much evidence of logical analysis. Our political masters will vote in about 10 days-time on this and if, as seems likely, the "deal" is rejected by Parliament, it is difficult to see where we go next. It will give us something to report next month!

One practical outcome of BREXIT is the exclusion of UK from some key joint projects. The most prominent casualty from the EU perspective is UK's withdrawal from the Galileo programme. The EU have excluded UK from some key contracts and denied access to military signal traffic essential for missile guidance systems post BREXIT.

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While this was all obvious well before the negotiations began, as it is the only position that could be adopted under EU law when UK becomes a “Third Party”, it is irritating as UK have funded large parts of the programme. The UK line was “...they will realise they have made a mistake and shouldn’t push it”. Recent comments in Brussels seem to have goaded **Mrs May** into reviewing the situation. The Prime Minister has decided UK will develop its own satellite navigation system. The strategic implications are significant both militarily and economically.

Other BREXIT news concerns fears over inward investment as several key manufacturers have delayed major investment decisions. For instance, SMURFIT KAPPA, the largest cardboard box and packaging manufacturer in Europe has shelved plans to build a £50 million plant in UK. Weatherspoons, the pub chain has threatened to axe EU beers and replace them with UK brewed alternatives. This seems likely to have a significant impact on European supply chain firms such as Lavazza who currently sell in excess of 50 million cups annually through Weatherspoons pubs. Clearly there will be casualties on all sides no matter how amicable the split becomes.

PROBLEM PROJECTS

Three long term projects have caused ripples in the UK project world in the past few months. First, the troubled IT system at TSB, reported in the early summer, has again failed. The number of customers affected was much smaller than the original failure but the reputational damage continues to impact the bank. The Financial Conduct Authority has been involved but the bank continues to operate and there have been no further occurrences.

Some projects just never die! You will probably recall the so-called Garden Bridge project, supported by our lately resigned Foreign Minister when he was Mayor of London. The latest dispute revolves around a requested £9 million payment to the project which was abandoned in August last year. If paid, the taxpayer will have spent £46.4 million. Legal opinion is divided but there is some concern that the Trustees may be called to account for agreeing a construction contract before substantial planning hurdles had been cleared and funding secured.

Another major project is the unglamorous Smart Meter project by which every home in UK will be fitted with new energy meters by 2020. This £11 billion project has been scrutinised by the National Audit Office (NAO) who consider it unlikely to meet its installation target on time. Costs have increased by more than £500 million and the NAO consider Ministers’ refusal to relax deadlines “increases the risk of defective technology being installed”.

RAIL PROGRAMMES

Despite the lack of available space in this country we still need new and faster means of moving people around so it follows that there will always be some major work on the railways of the land. Currently there are three strategic rail developments under construction: Cross Rail, which provides a fast route from Reading via Heathrow in the west to Shenfield and Abbey Wood in the east via 13 miles of new tunnels; High Speed 2 (HS2) links London with the Midlands and North West via more than 200 miles of new track; and East – West Rail which is planned to connect East Anglia with Central, Southern and Western England. A major part of East – West Rail is the re-establishing of the old Varsity line between Oxford and Cambridge. All the programmes are strategic in nature, heavily funded and controversial.

The East – West Rail programme is estimated to contribute some £2 Billion to the Gross Value Added (GVA) over a 30 year period.



Phase 1, the reinstatement of the line between Oxford and Bicester is open and the Government has invested £1 Billion. Plans for Phase 2 were submitted in July and it is expected the route will open in 2024. Construction is scheduled to start in 2019.

There are still planning hurdles to overcome, especially to east of Cambridge where the old line runs through a major housing complex. The programme is managed by East West Rail Company, established last year. It is innovative as it is a private entity and is responsible for track and trains; it works with Network Rail but is not under their ownership or control. Could be problematic in the later stages!

Speaking of problematic, both Crossrail and HS2 are running into problems. Both are running late and both have financial issues requiring additional funding.

Crossrail is Europe's biggest infrastructure project and should ease chronic congestion in the capital by connecting major landmarks such as Heathrow Airport and the Canary Wharf business district. Construction is largely finished, with 42km of tunnels operational and most of the stations completed. Against this positive position comes signalling hold ups as three different signalling systems are integrated along with train control software, split between TfL, Crossrail and Network Rail. This will push the opening back to autumn 2019. Problems at Crossrail seem to have escalated since the departure of their CEO, Andrew Wolstenholme, for BAE Systems. Shortly after he left came announcement of delays and further cost overruns attributed to signalling system complexities. Now Wolstenholme's replacement – Simon Wright – is leaving after only 7 months in post. So Crossrail will have its third CEO in less than a year.



Photo: Crossrail

High Speed 2 (HS2) is also in trouble as the legislation needed to build the Manchester to Leeds line has been delayed until late next year. Similar legislation to build Phase 2, in the East Midlands and South Yorkshire has also been delayed till 2020. Other legal woes include a claim by Spanish train manufacturer TALGO that HS2 acted illegally to add a further Spanish firm, CAF, to the shortlist of 5 bidders. Interestingly, CAF had threatened legal



Photo: HS2

action when the original bidder list was announced last year. HS2 wrote to bidders in February floating the idea of CAF's addition but took no action until June, by which time Bombardier and Hitachi had teamed up, reducing the bidders to four. HS2 subsequently stated that adding CAF "ensured maximum competition".

To cap a bad year for HS2 comes the news that more funding is needed to complete the programme. Sir John Armitt, Chairman of the government's National Infrastructure Commission stated in August that an extra £43bn was required for the project, taking the total cost of HS2 to £99bn.

HS2 and Crossrail share a Chairman in Sir Terry Morgan CBE who became chairman of HS2 at the beginning of August. Rightly hailed as a world class manager on his appointment to HS2, Sir Terry Morgan took over the role of Chairman of Crossrail on 1 June 2009. Prior to this, he was Chief Executive of Tube Lines, a PPP company that was contracted to maintain and upgrade the infrastructure of the Jubilee, Northern and Piccadilly lines.



Sir Terry Morgan Photo: Crossrail

He is expected to leave within weeks after a series of problems raised doubts about his performance, the Financial Times reported. He has also encountered problems with the Mayor of London who has ultimate responsibility for acquisition of trains and rolling stock for Crossrail, a task that has had its own problems and is set for a 2 year delay in provision of the trains to run on the new

service. Who knew what and when is the current talking point as the Mayor claims he knew nothing of delays until August while Morgan highlights the responsibility for some delays lie outside his remit. Readers will recall that Transport for London need the additional revenue likely to be generated by Crossrail and any delay will be painful for the Mayoral office, a possible reason why he has commissioned KPMG to assess Crossrail governance. This is a bad time to be replacing top management in the two largest engineering programmes in Europe, especially as the Transport Secretary is in a position to step in.

Moving onto the wider project scene in the Rail industry, Christmas is the time when Network Rail uses the reduced travelling population to shut down some services to allow track possessions to pass to project teams who then have a clear run to complete their work, rather than having to stop to hand back the possession to Network Rail. This year, some 335 engineering projects costed at £145 million are planned for the week between Christmas and the New Year, an increase of 25% over last year. Passenger groups are concerned that they have not had the full 12 week notice period usually given and are linking this with the timetabling problems encountered earlier in the year. Most affected are Heathrow and Gatwick Airports which are always the scene of massive movement over the holiday period.

Finally, the Minister for Transport has ordered a full review of the railways. This review is thought to be limited to simply tinkering at the edges by only dealing with rail franchises rather than the overarching review many observers feel is needed. The Transport Secretary is thought to be under pressure from Downing St to avoid arguments over re-nationalisation and from the Treasury over finances – nothing like being between a rock and a hard place.

NEW NUCLEAR

The other Elephant in the Room is the cost of the new nuclear power plants proposed to keep the lights on in UK. This issue had raised its head as Toshiba announced the close down of its nuclear construction subsidiary, Nugen. Toshiba have been trying to sell the subsidiary since the start of 2018 and its closure effectively abandons the project to build a £15 Billion plant at Moorside, near Sellafield in Cumbria.

The new plant was to start generating in the mid – 2020s and produce 3 gigawatts of electricity, about 7% of the UK total requirement. Some 20,000 jobs would have been created during the construction. Reasons for abandoning the project were cited as “policy and legislative” but Toshiba’s long-term financial problems must also have been a major factor. A possible rescue by Kepco, of South Korea, fell through. Toshiba then stated that it had decided “that the rational decision is to withdraw from the UK nuclear power plant construction projects”. Staff were laid off at the start of November.

This leaves only Hinkley Point C under active construction while the remaining four plants, at Wylfa, Oldbury (both Hitachi), Sizewell, and Bradwell (both CGN and EDF) all requiring funding. It is thought that funding proposals similar to that used at Hinkley are politically and economically unacceptable. The National Audit Office has suggested that costs could be reduced by direct Government intervention which the current administration has carefully avoided, or by what it calls “regulated asset base” (RAB). Under RAB, developers are paid during construction rather than only when generation starts. Neither method gives any protection against cost overruns.

Costs involved are significant: the National Grid invested £100 million in planning the 100 mile power line to bring Moorside output to the National Grid. This seems very high when Toshiba’s costs are said to be in the region of £400 million. The National Grid, a FTSE listed company has a “regulatory process” to recover its costs and Nugen is also likely to meet some costs.

OTHER PROJECTS

All is not doom and gloom as news comes that the National Grid has just approved a £1.7 Billion project to build the world’s longest subsea power cable between Denmark and UK. The cable will be able to transmit up to 1.4 gigawatts over 760 km between Revsing in Jutland and Bicker Farm in Lincolnshire. This is enough to power a million homes in UK and is scheduled for completion in 2023. There are currently 4 subsea power lines from England to Northern Ireland, France, Netherlands and the Republic

of Ireland. There are plans for four more, with National Grid linked to three, to Belgium, Norway and France. Work starts in next year and construction in 2020.

The Government has announced plans to build pollution barriers along the busiest motorways. These are modelled on barriers used in the Netherlands. Barriers will be funded from a £100 million pot designated to improve air quality. Unsurprisingly, Greenpeace criticized the plan saying it would be better to get cars off the road.

The BBC has been urging listeners to record family memories. The nation has a very large number of recordings made by the Imperial War Museum in the 1950s and 60s of soldiers who had fought in the Second World War. These are regularly used in documentary films but no centralized system has been in place since then. It is not just military experience that needs to be captured as family history is lost all too easily if action is not taken to preserve it. In project terms, major engineering firms have seen it important to record the experiences of their older workers to preserve knowledge for future projects.

APM AWARDS

The showpiece in the Association for Project Management's year is the Annual Awards. This high-profile event at the end of November attracted more than 600 guests to a sumptuous Black Tie gala dinner at Old Billingsgate just off the Thames. The Awards traditionally include personal recognition through the announcement of Honorary Fellows and the Monty Finiston award for outstanding achievement. The three annual Academic awards are made as well as project awards in several categories. A brief list of winners follows:

Sir Monty Finiston Award

Professor Peter Hansford FEng FAPM, University College London

Honorary Fellows

Dr Maggie Aderin-Pocock MBE

A distinguished and varied career across of number of fields, including academia and broadcasting, all done with verve and enthusiasm to inspire those engaged in project management and other professions.

Philippa Foster Back CBE

Playing a vital role in developing ethics in business, including corporate organisations in the project management field, as well as championing the role of professional and chartered bodies in guiding their respective professions.

Air Vice- Marshal Sue Gray CB OBE MSc CENG FIET RAF

Contribution both as an individual to public service and as a trailblazing role model, being the second woman in the RAF to be promoted to Air Vice-Marshal, with responsibility for the procurement and maintenance of all combat aircraft, training aircraft and remotely – piloted air systems for the armed forces.

Sir Cameron Mackintosh

A lifetime record of producing a wide array of successful projects in the theatrical (and film) sectors and the project to completely renovate the Victoria Palace theatre.

Tony Meggs

Personal contribution to project delivery within government and also the considerable strides made to entrench the functional development of the project profession across government

Academic Awards

Geoffrey Trimble Award 2018 – for Best MSc Dissertation

Clement Gunasekar

Improving contractor's cost and progress control systems in the UAE (University College of Estate Management, UK & Falconcity of Wonders, UAE)

Herbert Walton Award 2018 – for Best Doctoral Dissertation

Paul Summers

Practitioner development - From trained technicians to reflective practitioners: a systemic study within a United Kingdom unitary authority (The University of Winchester)

Brian Willis Award 2018 – Best result in the PMQ Examination

Tracy Small

Met Office

Project Professional Awards

Project Professional of the Year 2018 Sponsored by Atos



Alison McChesney,

Coventry Building Society

Young Project Professional of the Year 2018 Sponsored by Defence Equipment and Support (Part of Ministry of Defence)



Michael Rusbridge,
Pendennis Shipyard

Project and Programme Awards
Sponsored by Hyde Park Solutions Ltd and Provek Ltd



Project of the Year: IT and Technology 2018 [Sponsored by Hyde Park Solutions Ltd \(HPS\)](#)

British Gas
British Gas Rewards

Project of the Year: Transformation 2018 [Sponsored by Hyde Park Solutions Ltd \(HPS\)](#)

NATS
EXCDS into Swanwick Terminal Control

Project of the Year: Specialists 2018 [Sponsored by Hyde Park Solutions Ltd \(HPS\)](#)

BAE Systems
Naval Combat Systems Integration Support Service (NCSISS)

Project of the Year: Engineering, Construction and Infrastructure 2018 [Sponsored by Hyde Park Solutions Ltd \(HPS\)](#)

Atkins
Northern Spire

Social Project of the Year 2018 [Sponsored by Provek Limited](#)

Nationwide Building Society
Comfort U Bags (CUBs)

Overall Project of the Year
NATS
EXCDS into Swanwick Terminal Control

Programme of the Year 2018

GCHQ

Licence to Operate

Other Award Categories

Project Management Company of the Year 2018 [Sponsored by Jacobs](#)

JACOBS

Dyson

Shell HSSE Award 2018 [Sponsored by Shell](#)



Infrastructure Strategic Alliance – Sellafield Ltd working with Morgan Sindall and Arup

The Mike Nichols Award for Inspiration [Sponsored by The Nichols Group](#)



Cumbria County Council & Mott MacDonald

Cumbria Infrastructure Recovery Programme

Overall, a spectacular night, and a wonderful opportunity to network. Your correspondent enjoyed catching up with old friends and meeting new ones. The highlight was probably the President's summary of the year and the reminder that the Chartered Register is up and the first 271 qualified practitioners are recorded. This is a major step forward for the professionalisation of project management.

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 and a Fellow 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.

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