

UK Project Management Round Up



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INTRODUCTION

Last year closed with a very pessimistic review of the British railway industry and its flagship projects, focusing on Crossrail but taking a swipe at High Speed 2 (HS2) in the process. So, for a change, I will start with the bad news before looking at some of more optimistic events of the month.

BAD NEWS

IT projects seem particularly prone to receiving a bad press and there are two currently in the firing line: the long-awaited Ministry of Defence (MOD) modernisation programme and the **Law Courts programme**. The former, run by Fujitsu is reputed to be about 2 years behind schedule and £210 million over budget which is pretty good going considering the contract was only signed in 2015. The systems are also said to be mission critical, handling top secret data. The Law Courts IT programme is a complicated one involving multiple systems and is linked to the £1 billion courts modernisation programme.

According to press reports, the court system failure has resulted in delay to cases coming to court, trials adjourned and even cases abandoned. Now lawyers are claiming that this, and other “transformational” projects such as the probation service contract and private prisons, were initiated under *Chris Grayling* who was Lord Chancellor for 3 years up to 2015. The chairman of the Criminal Bar Association claims that these are all part of Grayling’s “destructive nihilistic legacy in all areas of legal aid and the courts”. Some may find this an interesting take on the owner’s responsibilities in major programmes where the role of sponsor is often poorly defined. In this case, the Lord Chancellor cannot have had a detailed knowledge of the system requirements but most certainly did have an informed but political view of the outcomes required – do we have a case of outcomes vs outputs here? It also

throws an interesting light on the legal occupation who are clearly interested in any potential work from possible penalty clauses in the contracts – more work for the boys.



High Speed 2 continues to hog the headlines.

Recruitment continues apace with the search for the construction team that will take the new Curzon Street station from concept to reality closing 2018. The first tower crane came on site as part of the preparation to demolish Euston Towers and opportunities opening for trainee archaeologists. However, less welcome news comes in the form of renewed speculation on HS2's ability to meet its business case

predictions. Initially predicated on its speed, then

on capacity and currently on improved connectivity between north and south of England, the business case has always been controversial. Leader of the House of Commons, *Andrea Leadsom*, whose constituency is transected by the new rail line, challenged the value of the business case as it emerged that HS2 is investigating reducing the capacity of the line by 4 trains an hour. This effectively lowers capacity by 8,800 per hour at peak times. Original capacity claims were 18 trains per hour, higher than any other high-speed line world-wide. This reduction in capacity was first discussed late last year in response to claims that the programme is late and over budget. This month's announcements seem to be aimed at reducing short term costs.

Cash is also an issue with **Crossrail**.

The largest infrastructure project in Europe drags on. Not that the project was scheduled for completion in 2018 but we were expecting trains to run on parts of the Elizabeth Line. Last summer, the opening was put back to December 2019 and a cash injection of £1.4 billion allocated by Transport for London (TfL). Now this launch is doubt as the complications of signal testing are becoming evident and other issues.



It was always recognised that there would be significant challenges to integrating various interlocking and mutually dependent systems. There are three different signalling systems along the route. Interfacing these is a complex task and time consuming. It is not helped by changes to the schedule; recent reports indicate that

the time to test and install signalling and related software had been reduced to five months because the trains were 18 months behind schedule.

Perhaps of even more significance is the fall out from the airing of the current situation as the Mayor of London claims he did not know about the delays or their causes. Reports from July 2018 made clear that delay was inevitable, even to “lay readers”, according to the chair of TfL’s transport committee. Interestingly, TfL released a batch of documents, including July’s briefing paper, while the national press chewed over Parliament’s latest Brexit developments. TfL and the Department for Transport (DfT) commissioned KPMG, the well-known auditor, to review the programme. The report contains major criticism of the governance arrangements for Crossrail, notably that DfT and TfL should have had greater powers over the Crossrail board, including on pay packages for senior executives.

Jacobs, a contractor that reported to the DfT and TfL independent of the Crossrail management, also warned that “milestones are much steeper than in the previous six months, requiring a significant increase in production”. It added that there was “a high risk that the start dates” for several phases would not be achieved. This links to the KPMG report which comments that reporting within Crossrail was “neither sufficiently timely nor sufficiently clear” on the impact of problems within the programme.

A series of documents published by TfL show that Andrew Wolstenholme, Crossrail’s former chief executive, and other senior executives had plenty of warning that the programme was going to be late. Press reports, however, claim that TfL and the Mayor had been alerted to these issues last summer. Now we have the unedifying spectacle of blame and recrimination over who knew what and when. What we should be seeing is a full governance review, sharp improvements in reporting and a sponsor appointed who can make sure that the conflicting interests of the general public, the various contractors involved and the political elements are brought to agreement over priorities and process. If we can’t get this right, how are we to expect Brexit to be resolved? And while all this is going on, Crossrail is spending some £30 million a week.

BREXIT

Still rumbling on, the great and the good – or those our illustrious media deign to interview – have little to offer in terms of plans for the short or longer term and we are all anxiously awaiting outcomes that are only now being speculated upon by those who should have made a series of contingency plans years ago. No obvious risk analysis, stakeholder analysis, in fact no analysis at all as far as I can see.

For the project manager, there are many interesting facets to this debacle. First comes the seemingly national inability to comprehend the process of negotiation. This results in entirely unrealistic expectations, such as those of politicians

pontificating about sending the Prime Minister back to Europe to re-negotiate the exit package. To those of us on the outside looking in, it is hard to see why the negotiators seem to have gone cap in hand to ask for a reasonable settlement. Ultimately, no one wants a hard break as it would lead to economic difficulties on all sides so some accommodation should be achievable. We will just have to wait and see.

While some companies have begun to move out of UK, and especially London, there is some light at the end of the tunnel: some claim that tariff-free trade would benefit UK trade. Certainly it would remove some of the irksome rules for bidding for national projects. The major sticking point in negotiations is the so called “backstop” which is intended to prevent a return to a hard border between the Republic of Ireland and the Province of Northern Ireland. It is a requirement of the World Trade Organisation to check that goods crossing the border are properly checked for tariffs and consumer standards. Current readings of the situation, where the Prime Minister ensured that the whole of UK would be treated in the same way as Northern Ireland, indicates a more favourable situation.

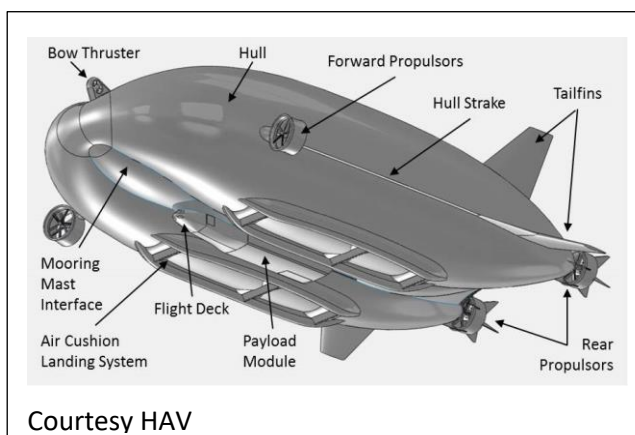
Rather than more worrying is the **skills shortage** that is emerging as many of the lower skilled workers from Eastern Europe leave. Arrangements for long term overseas workers who wish to remain are in hand but there is still some concern over residency. Quite how this impacts professional practice in projects is not yet clear.

There is a lot of bad news around **new nuclear** as Hitachi pulls out of two new nuclear plants, one at Wylfa in Wales and the other at Oldbury in Gloucestershire. This follows the pull out by Toshiba from their Cumbrian plant. This leaves UK new nuclear dependent on the troubled French giant EDF and CGN from China. At the moment, work is carrying on at Hinkley Point, Sizewell and Bradwell. Apart from wrecking the UK energy policy, Hitachi’s decision to stop work on its Horizon project effectively ends its ambitions to sell reactors around the world. There are worrying implications for the energy future in UK. This is a topic that will feature in next month’s report

GOOD NEWS

Despite the uncertain times we live in, the economic outlook is still better in UK than in Eurozone according to the International Monetary Fund. An example of this economic prospect is the \$750 million contract extension won by **Meggitt**. This will see the Yorkshire based aerospace company supply engine parts for Pratt and Whitney’s F119 and F135 jet engines. Meggitt was owned by Bloodhound saviour Ian Worsley.

Hybrid Air Vehicles (HAV) has received Civil Aviation Authority approval for its production facilities in Bedford. The Civil Aviation Authority (CAA) awarded Hybrid Air Vehicles Ltd a Production Organisation Approval. Following the successful award of our Design Organisation Approval from the European Aviation Safety Agency (EASA) in October 2018, this latest achievement sees HAV starting 2019 in a strong position to launch production.



A new way to get to London City Airport is expected to become available later this year as a **£5 million project** to build a new pier at Silvertown, near the Thames Barrier. The passengers will have easy access to the O2, Canary Wharf and the City every 15 minutes using Thames Clippers catamarans, which carry four million customers a year. The pier will be part of the new 3,000 home Royal Wharf development on the north side of the river, through a landscaped avenue and up to the departure lounge.



Bloodhound SSC (photo Bloonhoundssc.com)

The **Bloodhound project**, to build a supersonic car to push the Land Speed Record (LSR) to over 1000 miles per hour, has been rescued. As 2018 closed, it was feared that the project would collapse due to lack of funds and the vehicle broken up. At the last minute the complete business was purchased by *Ian Warhurst*, a recently retired mechanical engineer who had just sold his turbocharger business. The Bloodhound project hit 210 mph last year

in testing but needs another £5 million to run at 600 mph this year and another £20 million to reach 1000 mph next year when new rocket technology is expected to be available. Bloodhound's new owner said:

"I have been overwhelmed by the level of interest and messages of goodwill following the news that I have bought Bloodhound. Its clear how much this unique British project means to people, all around the world. My family and I have been supporters too for many years and I am delighted to have been able to safeguard the business and assets".

The Bloodhound project is important well beyond the "simple" objective of the LSR. It has fostered an interest in engineering in schools and has played a significant part in encouraging research at UK universities. So this is a very welcome outcome.

Another new project is Alstom's **Hydrogen Train plan**. Supported by the Department for Transport (DfT), the plan will see a fleet of 100 trains turned into a fleet powered by hydrogen fuel cell technology. The new trains will be employed on commuter and suburban lines by early 2021.

There are two reasons DfT is backing the project: first, it will reduce emissions in congested areas, and second, it will reduce the need for further electrification of the main lines, thus cutting back on very high costs and execution problems encountered on existing schemes. Other benefits include reduced operating costs and lower maintenance, noise reduction and faster transit times due to better acceleration. The down side is reduced carrying capacity as the four carriage trains will be modified so the front and rear portions can carry the hydrogen fuel.

The project is being carried out by Alstom, the French multinational and work is expected to be carried out at it's Widnes plant. The project is to convert a fleet of Class 321 electric trains owned by Eversholt Rail, a rolling stock company. The trains, currently in use on the Greater Anglia network, were built by British Rail in 1988. They are scheduled to be phased out in 2020.

Alstom said that it was in advanced talks with the Department for Transport and train companies with a view to securing orders for the trains, enabling them to start production early in 2020.

Hydrogen can be produced using sustainable electricity and electrolysis or through industrial processes. The fuel cell on the train produces electricity through a combination of hydrogen and oxygen to create water. The electrical energy is intermediately stored in batteries and the train is powered by an electrical traction drive. The only exhaust is steam and condensed water. Alstom have a hydrogen train on test in Germany, the Coradia iLint. DfT has stated that it intends to eliminate diesel trains in UK by 2040 so this looks to be a promising start.

CLOSING REMARKS

And so ends a pretty tough month in the UK project world. There is some good news and many new projects get under way every day but some big projects are hitting the buffers, others show signs of needing attention to use of project controls and governance. Much to be done against a difficult political background. Alstom's hydrogen train offers a welcome long term project with many benefits – let's hope they are properly managed.

Next month we will look at the UK nuclear industry projects, once the dust has settled on Hitachi's withdrawal, and some local projects.

Let me leave you with news that the grave of Captain Flinders has been discovered during High Speed 2 work at Euston Station. Flinders was a Captain in the Royal Navy who did significant scientific work in Australia in the early part of the 19th Century. The headstone for his grave was moved when the expansion of Euston station impinged on the St James's Gardens cemetery in the 1840s. With more than 60,000 people buried at the site, prospects for identifying Flinders' grave were considered slim. However, a breastplate identifying Flinders' coffin was found when digging up the remaining graves for relocation. Helen Wass of HS2 Ltd said in "This discovery is particularly exciting for me as an archaeologist as Capt. Matthew Flinders was the grandfather of renowned Sir William Matthew Flinders Petrie, commonly known as the 'Father of Archaeology'." Perhaps more significantly, the discovery was announced just in time for Australia Day.

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 Honorary Fellow and now Vice President of the Association for Project Management (APM), Miles is also past president and chair and an Honorary Fellow of the International Project Management Association (IPMA). He stepped down at the end of 2018 as 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 is currently Chairman of the British Standards Institute's Project and Programme Management Committee. Miles also supports several Masters programmes at British and overseas universities. Miles is based in Salisbury, England and can be contacted at miles.shepherd@misp-ltd.co.uk.