

## UK Project Management Round Up<sup>1</sup>



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### INTRODUCTION

Well, winter is firmly upon us and the year ends in a few weeks' time so this edition brings you news of project sponsors, how they are performing and some help for these much maligned players in the Project World. There is news of a major project in the Highlands of Scotland which promises to be a game changer for the environment and There has been a lot happening at the Association for Project Management and for those few of you who missed these, I will update you. We also have news of some energy projects and a few odds and ends that are not easily classified.

### GOOD SPONSORS

➤ **Accounting Officer Reports.** The nearest thing to Project Sponsors in UK Governmental terms must be the Accounting Officer. These are not mythical beasts but the person who Parliament calls to account for stewardship of its resources. Accounting Officers are required to “routinely scrutinise significant policy proposals or plans to start or vary major projects and then assess whether they measure up to the expected standards, as detailed in *Managing Public Money*”. Accordingly, every Government Department has to assess the viability of all projects or programmes which form part of the government’s Major Projects Portfolio (GMPP). Projects are assessed against 4 criteria: regularity, propriety, value for money and feasibility. Readers will no doubt recall the demise of HS2 – this was the result of the Accounting Officer Assessment of Phase 2 of the project – so they are powerful people. Summaries are also published on <https://www.gov.uk/government/publications/> as part of the Government’s open government initiative.

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➤ **National Audit Office Report (NAO) on Levelling Up.** For overseas readers, the leveling up programme is a government-wide approach to reduce geographical inequality in a broad range of economic and social measures across the UK. The snappily named Department for Levelling Up, Housing & Communities (DLUHC) leads on funding, managing allocations from 3 funds – these funds are worth up to £10.6 billion and aim to allocate £9.5 billion to local places to be spent by 31 March 2026. The NAO reported on its review of the management of the funding for levelling up at the end of November and broadly found the situation to be satisfactory in that the Government Internal Audit Agency (GIAA) has found that DLUHC has improved its oversight of its major levelling-up funds and thus its project passes the value for money criteria despite expected late delivery due mainly to the impact of inflation

➤ **Aviva Studios.** Situated on the old Granada TV Studios site, this project completed in October. It is the biggest state-funded cultural project for 25 years at £242 million. Aviva Studios is a 1,500-seat theatre, multipurpose venue with warehouse space. Opened almost a decade after George Osborne, the former chancellor, announced it would be part of the Northern Powerhouse initiative, it came in well over its initial budget of £78 million but was judged by the project sponsors to meet its benefit profile. The final bill was funded by the Treasury picking up about half the cost while Aviva (the UK insurance giant) bought the naming rights for £35 million and Manchester City Council and Arts Council England stumped up the rest.



➤ **Project Sponsor Support.**

### **BAD SPONSORS**

Followers of the maritime industry in Scotland will point with pride to the excellent construction record of the various shipyards; indeed Clyde built stood for engineering excellence and integrity. In recent times, this enviable reputation has not been so bright as evidenced by the tangled story of two ferries ordered for Caledonian MacBrayne.



Image: John Devlin & The Scotsman

The Glen Sannox (pictured left) and the Glen Rosa were scheduled to be delivered in 2018 but is now scheduled for delivered five years late, in March 2024. The ship is due to cover the route between Ardrossan to Brodick crossing. Original costs were estimated to be £97 million for the Sannox and the Rosa. The cost for completing the Glen Sannox has risen to £130m (up from an estimated £114m in June) according to David Tydeman, chief executive of

Ferguson Marine, the ship builders. The overall cost is three times the original estimate and the ships look like they will be delivered 5 years late. Press reports claim this could rise further as contingency costs could increase the overall spend by a further £30m in a worst case scenario. Furthermore, £83.25m was spent on the ferries and £45m loaned to the company prior to nationalisation by the Scottish government, the latest increase means the ships will cost more than £360m.

As if this was not enough, the project has been mired in political controversy as the project was awarded to Ferguson Marine which has been in receivership twice and was nationalised by the Scottish Government in 2019. Work has been beset by design problems including safety related changes and challenges to the contract award with allegations of fraud, which were dismissed by an independent inquiry chaired by a barrister. However there seem to have been irregularities in the contract award. A sorry tale all-round.

## ENERGY PROJECTS

**Wind Power.** Regular readers may recall my reports on the annual off-shore wind licences this year where there were no bids (see September Report – Worrying News). Possibly as a result, we learn that at next year's auction, a fixed price of as much as £73 per megawatt-hour (MWh), will be guaranteed. This is up from £37.35/MWh awarded to projects that won contracts last year. The industry



Image: Michael Dwyer/AP

has complained of soaring costs owing to higher commodity prices bottlenecks in the supply-chain. The Government is committed to the delivery of 50 gigawatts of offshore wind by 2030,. Current delivery is only 14 gigawatts. The higher target is more than

enough to power every home in Britain. Will this draw any bidders? We will have to wait till next year to find out.

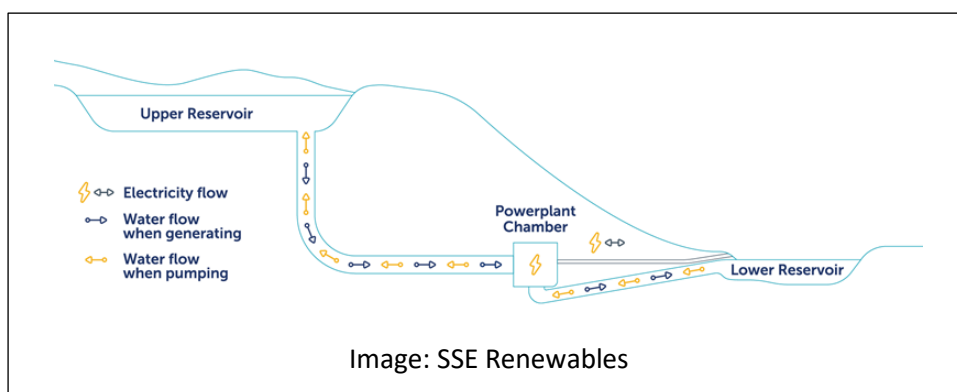
### **On Shore Projects.**

Inflation and supply chain problems have increased network upgrade costs essential to decarbonise the electricity system. So it is no surprise to learn that one of the major players in the UK energy market, Scottish and South East Energy (SSE) have stated that they will be investing around £20.5 billion over the five years to March 2027, an increase of £2.5 billion over their previously planned investment of £18 billion. As this is all capital investment, it is clear that this will finance major projects. There have been several calls to improve the UK distribution network and it seem likely that some of this spend will go towards projects to improve capacity as well as iron out weaknesses. SSE are in based in Perth, on the edge of the Scottish Highlands. It's business includes power networks, wind farms, hydro-electric plants, gas-fired power plants and gas storage sites.

There are press reports that SSE hopes to build gas plants equipped with carbon-capture and storage technology and also hydrogen production projects but is waiting for greater clarity on the government's plans to support these technologies. Alistair Phillips-Davies, Chief Executive, called for policy on "how is the government going to allocate the £20 billion it has put aside" to support carbon-capture technology. He said this funding "should be enough for eight to ten projects" but the government had selected only one to proceed.

### **Hydro Project.**

Staying in Scotland, and with SSE, we turn to a radical energy project on the west coast. Coire Glas is a proposed pumped hydro storage scheme with a potential capacity of up to 1500MW. It is the first large-scale pumped storage project to be developed in the UK for more than 40 years and would more than double Great Britain's existing electricity storage capacity.



Pumped storage schemes involve two bodies of water at different heights. During periods of low demand and/or surplus generation, electricity is used to pump water

from the lower loch to the upper reservoir, storing energy. The energy is released by using the water to generate hydro-electricity at a time when demand is high and/or other variable generation is low as illustrated in the graphic above.

Pumped storage is not a new concept but there is very little capacity using this technology. Coire Glas is a potential game changer since in theory, it will have the capacity to supply 30GWh of energy, or enough for three million homes for 24 hours, if drained completely. Preparatory work on the project started in 2007, secured initial planning consent in 2013 and then approval for an expanded scheme in 2020. Late last year the board approved the first £100 million of spend on a project slated to cost more than £1.5 billion.

According to SSE Renewables website, Coire Glas will be a major civil engineering construction project with an estimated construction time of 5 – 6 years. There are high initial upfront construction cost but low operational costs and a very long operational life (50+ years). Of the project's estimated cost of over £1 Billion, more than 70% is in the civil engineering structures. This investment therefore will be spent directly in the UK and the specifically in the Scottish Highlands with the associated jobs and other benefits that will bring.

One of the issues facing the project is long term financing. The UK government has created mechanisms to de-risk electricity infrastructure investments to drive forward the low carbon agenda. Examples include Contracts for Difference for nuclear power, offshore wind, onshore wind, and cap and floor support for interconnectors. There is currently no mechanism to de-risk electricity storage investment.

According to reports in *The Times*, the priority now is agreeing with ministers a financial regime to give comfort that bill-payers share some of the risk and some of the potential rewards of the project. **Finlay McCutcheon**, SSE's director of onshore renewables for Europe, is frustrated that progress with the UK government on a so-called cap-and-floor revenue arrangement seems to have stalled. Under cap-and-floor, SSE would be guaranteed minimum revenues from the project, but also would agree to pay back to bill-payers any revenues above an agreed maximum over an agreed duration. Government enthusiasm for that approach seems to have faltered.

A project of such magnitude brings with it considerable advantage for local economies. Nearby communities at the tiny, remote settlement of Kishorn, 40 miles northwest of Coire Glas, was the site selected to construct the 600,000 tonne North Sea platform Ninian Central, at the time the biggest moveable man-made structure ever built. That had a significant impact on the local economy but that passed once construction finished. Finlay McCutcheon of SSE is confident that things will be different at Coire Glas. The Great Glen already hosts several other SSE Renewables hydro and wind-farm projects operating there. "Many of our people are living in these rural

communities. These are skilled jobs with real longevity about them.” This is clearly a project whose progress we will report in the future.

## ASSOCIATION NEWS

It has been a busy month for the Association for Project Management. The scene was set by the interesting Fellows Forum at the end of October, where some of the project profession’s most senior experts shared their views on challenges and opportunities around sustainability in projects. Professor **Graham Winch** and **Dr Eunice Maytorena-Sanchez** from Manchester Alliance Business School lead a discussion with delegates on harmonising energy and the environment.

The results are available at <https://www.apm.org.uk/news/revealed-apm-fellows-views-on-the-future-of-sustainability-in-projects/>

This was followed by the Volunteer Achievement Awards, which have run for the last six years. The awards recognise and reward the contribution volunteers make to the organisation’s success and that of the wider project profession. This year’s awards included six categories: *Volunteer of the Year*, *Special Achievement*, *Education Volunteer of the Year*, *Volunteer Event of the Year*, *SIG of the Year* and *APM Branch of the Year*. Awards were presented at a special event in Manchester during the annual Volunteers Forum on 16 November. Winners are shown at <https://www.apm.org.uk/news>

APM is celebrating the success of its official journal [Project](#) which scooped the award for Best Association Newsletter or Magazine (circulation 6,000-25,000) at this year’s Association Excellence Awards, which took place at a prestigious awards ceremony in London on 3 November. *Project* is circulated quarterly to APM members, and online for regularly updated news, blogs and content. The magazine covers the latest news, opinions and insights for those within the project community

And then there were the Trustee elections which brought 3 new Trustees onto the Board:

### Marta Marjan



Marta has significant experience in the energy and clean-tech sectors, leading complex projects and pioneering various innovative business initiatives.

Her international background (working in UK and Poland) has been pivotal in fostering inclusive and adaptive people and project management strategies. Marta holds an MBA from the University of Leeds and an MSc in Marketing and Management from the University of Lodz, Poland.

### Jennifer Storry



Jennifer is Head of Project Governance and Assurance, Risk and Ethics at Rolls-Royce, where she focuses on complex manufacturing and in-service projects in the defence industry.

Her project career began as a Graduate Project Engineer, going on to lead complex multidiscipline projects and programmes to successful completion. She has since held senior managerial roles covering business and capability management, assurance and risk roles. Jenny has a Master's Degree in Project Management in Practice and is a Chartered Project Professional.

### James White



James has over 20 years of experience in project management within the defence and nuclear sector, serving as Head of Nuclear at MIGSO-PCUBED, where he has played a central role in defining industry benchmarks for nuclear energy and waste management, leading to new standards for the sector. During his career he has managed complex engineering projects and championed business transformation, enhancing nuclear technology while aligning with global efficiency and safety objectives.

James holds an MBA and an MSc in Engineering. He is also a Chartered Engineer and Manager, and a Fellow of both the Chartered Management Institute and APM, where he is a member of the APM Corporate Advisory Group and a Committee Member of the Thames Valley Branch.

### APM Awards

Last of the major events this month was the Awards, supported by headline sponsor RPC UK Ltd, which celebrated excellence, innovation, and the ability of projects to change the world for the better. Held at the prestigious Park Plaza, Westminster Bridge, London, Projects and organisations from all over the world were represented, highlighting the far-reaching impact of the project profession, as well as its breadth and diversity. During his opening speech, APM Chief Executive **Professor Adam Boddison** OBE commented: "One only has to look around this room to see what an incredible, dynamic, inclusive and diverse profession this is." The in-coming President of the International Project Management Association, **Dr Mladen Vukomanović**, was also present to add an international dimension to the event.



A new trophy was presented to each of the 18 award winners. Judges praised the excellent standard of entries and gave special mentions to many of the named finalists. A full report, including videos is available at <https://www.apm.org.uk/apm-awards/>.

## CLOSING REMARKS

I usually finish with a report on an environmental project but this time I want to draw your attention to the Wildlife Photographer of the Year Awards, sponsored by the Natural History Museum. Wildlife Photographer of the Year tells the story of a planet under pressure. Help them harness the power of photography to advance scientific knowledge, spread awareness of important issues and nurture a global love for nature.



Lennart Verheuve (the Netherlands) recorded a beached orca's final moments. Lying on its side in the surf, this orca had only a short time left to live. Initially rescuers were able to refloat and redirect it back into the open sea, but soon it was stranded again on the beach and died.

I trust you will be able to celebrate the Season in whatever way you believe and I wish you a peaceful year end. I look forward engaging with you in 2024.



## 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. His consulting work has taken him to Japan, Taiwan, USA and Russia. 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 was, for seven years, 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 project management committee. 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).