

UK Project Management Round Up



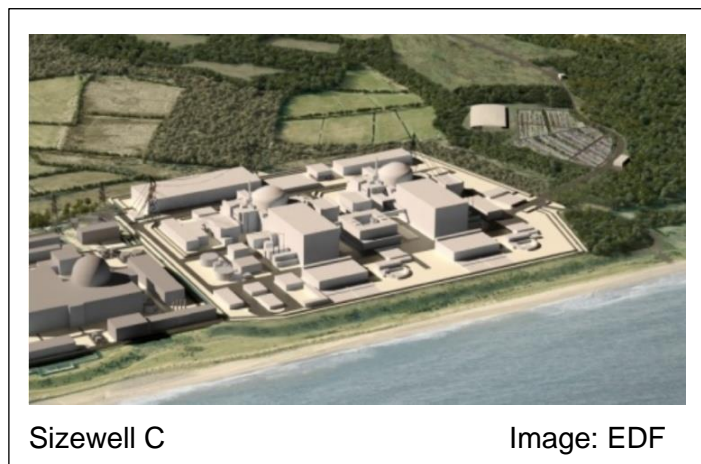
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INTRODUCTION

Well, here we are – more or less on the cusp of Spring. Our weather is easing, flood waters receding, it's a little warmer and hopeful, we are all a little more cheerful as we pull out of the dreariness of winter. There is quite a lot of activity in the UK Project World and this report includes some reports on the Energy sector, comments on the Defence procurement programme and a reminder of the importance stakeholder engagement. I'll round of the report with some news on conservation projects but the topic that has dominated the news here remains the impact of AI, and in particular, ChatBOT.

INFRASTRUCTURE PROJECTS

Nuclear The current financial situation has focused consumer minds on energy and its ever-escalating cost so it comes as no surprise that the Government is seeking ways to reduce costs. Their view is that nuclear is the way to go so the Chancellor of the Exchequer, **Jeremy Hunt** MP, is trying to speed up the planning process.



Sizewell C

Image: EDF

Regular readers will know the UK planning system has long been considered as unnecessarily complex and prone to introduce delay by excessive allowing determined objectors to hold up key projects on ideological grounds. Hunt has ordered a major

review to speed up major infrastructure project such as Sizewell C nuclear reactor which was approved in 2022 after a 7 year planning battle. Offshore wind farms have also been repeatedly delayed by local objections.



Hornsea Wind Farm

Image: Ørsted

Despite the many calls for more offshore wind farms, all big developments since 2017 have had to go to ministers for approval, in a process increasingly viewed as cumbersome. In mid-February, an application to build a wind farm that could provide power to more than two million homes from the North Sea was delayed a further five

months to allow ministers to gather more information before issuing a development consent order. All is not rosy, though, as it seems OIL has excluded onshore wind farms from classification as nationally significant infrastructure. He was forced to signal a relaxation of onshore rules by a backbench rebellion, but projects will remain very hard to approve through a separate planning process.

Other nuclear news concerns costs at Hinkley C. It will be no surprise to learn that inflation has hit this project hard. Developers EDF report that the final cost may rise to as much as £33 billion. Currently costed at £25-26 billion, the cost was £18 billion when the controversial project was approved in 2016. However, these figures were all expressed in 2015 prices and excluded inflation. Experienced Project Managers will recognise the perils of estimating long term projects such this as inflation and other unpredictable factors can push up the price of everything from labour to raw materials.

To end this section of the report, I bring news of oil in the United Kingdom. Readers may be surprised to learn that as well as extensive offshore oil wells in the North Sea and Atlantic shelf, we also have onshore well. These are not of the scale of the Middle East or Texas but on the south coast, there has been a set of small oil wells pumping out high quality crude. We now learn that **Angus Energy**, a UK company, has won planning permission to test an oil well and could be pumping oil by the third quarter of this year after the planning



Balcombe protests (Image Getty Images)

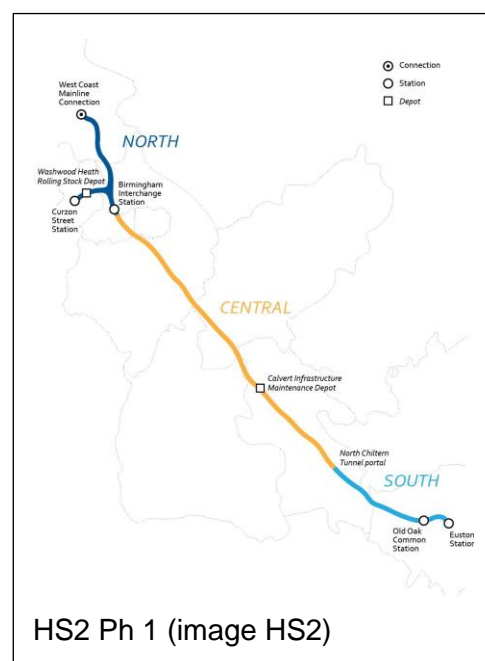
inspectorate overruled the local council's rejection of the plans. The original well was the centre of fierce protests when it was drilled a decade ago. The well, at Balcombe in West Sussex, well was drilled in 2013 by Cuadrilla, which remains a shareholder in the site. It had been feared that the extraction process would use "fracking" which has caused minor earth movement in some regions. This was ruled out later as unnecessary, but oil production remains controversial on environmental grounds.

Rail This inevitably means High Speed 2 (HS2) and you can't keep a controversial project out of the public eye so reports in the reputable press about cutting rising costs catches the eye, especially when headlines shriek delaying the project to cut costs. I found this interesting because I was taught that a temporary stop or slow down usually meant extra cost so this sounded like a new wheeze by the PM (project manager, not Prime Minister) but turns out that the plot comes from the CEO, **Mark Thurston**. What he is proposing is not delaying the project but re-phasing some of it to manage cashflow.

The current phase is about 40% complete and has some 30,000 people working on it. The problem is rapidly escalating cost of materials which has posed a fresh challenge, at a time when the Department for Transport's budget is not due to keep up with inflation. Current cost estimates put the final out-turn to at least £71bn compared with its original pricing £33bn outlined in 2010. One estimate has put its total cost above £100bn.

Mr Thurston told the BBC the impact of inflation had been "significant" in the past year, "whether that's in timber, steel, aggregates for all the concrete we need to use to build the job, labour, all our energy costs, fuel" and that he was looking at the project's timing and phasing with the government.

He also said the organisation was working with suppliers and the government to find ways of mitigating inflationary rises. as previously announced, 'Project Silverlight', is examined ways to deal with cost pressures on the London-Birmingham stretch while "protecting" the scope of the first phase. He described a second line of work, 'Project Blue Diamond' as "looking at the programme as a whole". Sounds like a variation of the Three Envelope Methodology[©].



BREXIT



(image - ©Thaut Images/Adobe Stock)

This topic is almost a blast from the past, yet deeply emotive issues remain, not least regarding the trading relations in Northern Ireland. The good news is that progress has at last been made on this thorny problem. Although the problem is not directly project related (and so I won't expand on that) it demonstrates a significant lesson on stakeholder

engagement. Previous attempts to resolve the problem were characterised by aggressive engagement which had predicable results. Our new OIL (Prime Minister Rishi Sunak) orchestrated the new negotiations and although he did not do the majority of the heavy lifting, he was able to establish a new, more cooperative, environment which has resulted in successful outcome. As project managers know, in negotiating, everyone should come away with something even if they cannot achieve all their objectives. And above all, protagonists must be able to remain on good terms. Let's hope this new rapprochement is a sign of good things to come.

DEFENCE PROCUREMENT PROGRAMME

One of the many issues raised by the war in Ukraine is the credibility of defence forces in NATO countries. The level of spending on equipment is a major component in national budgets and in UK we devote some 2.5% of GDP on defence, down from about 7% in 1960. This would not be an issue if we got value for money but the case of the AJAX armoured fighting vehicle (AFV) has shown defence procurement in a bad light as developers struggled to solve vibration problems that affected the crews so badly that some were no longer fit for duty, were discharged and paid substantial compensation. Back in 2014, the Ministry of Defence (MoD) ordered 589 armoured vehicles from General Dynamics in 2014 at a cost of £5.5 billion. The procurement has been a disaster, cost has escalated to more than £10 billion and not a single armoured vehicle is in front line service more than 13 years since the programme began.

The Minister of State at MoD, **Ben Wallace**, stopped payments in 2020 two years during the trials when the ill effects on crews became apparent. General Dynamics claims the noise and vibration problems have been resolved and wants payment to restart by the end of March. The American company is demanding £1.4 billion and press reports indicate they are likely to receive payment soon.

There has been speculation that Wallace would cancel the contract altogether, but ministers believe that noise and vibration problems have been fixed. MoD insiders

have accepted that the army “overcomplicated” the design of the vehicle by demanding 1,200 customisations. Now there’s a surprise.

This debacle could not have come at a worse time for MoD as the Minister is demanding an annual budget of £11 billion so that the Armed Services can be seen to be properly equipped. Meanwhile, inflation, foreign exchange fluctuations and the cost of funding NATO and supporting Ukraine all bite into the planned budget. Figures release at the end of February show equipment expenditure down from just under £21 billion in 2021/22 to just under £19 billion this year. The track record is not good despite the best efforts of pretty expert project and procurement organisation. Perhaps the clue lies in unrealistic user requirements and an inability of senior offices to make up their minds. With a procurement taking the best part of 15 years, battlefield tactics shift but the short tours of key staff, from Generals down to fast track staff officers does not make for good decision making as there is no time to build experience. This seems to be a major knowledge management issue as much as anything else.

ARTIFICIAL INTELLIGENCE

This topic has attracted a lot of press speculation since ChatGPT was launched with speculation that much of the future of civilization is at risk with everything from school essays to book authoring due to be supplanted by the eponymous package. Recent press reports also paint an alarming picture of out-of-control software where the AI device declare its love of the user, encourages spouses to leave their partner and drafts incomprehensible texts for law firms. We should also be alarmed that it has successfully drafted speeches for politicians!

On the back of these reports comes a ray of hope. There is, apparently, a device that can detect text written by ChatBOTS. OpenAI who developed ChatGPT are working on such a package and even thought it currently identifies 26% of text so written. Its performance on false negative, where human originated text is identified as AI written is better with only a 9% error rate. I wonder whether ChatGPT could help me finish my PhD!!!!

CLOSING REMARKS

Rewilding projects seem to be in the news these days. A quick scan of the UK press showed schemes in the Scotland where Highland Rewilding is seeking to persuade major institutions such as pension and investment funds to pour billions of pounds into rewilding projects; in the English Midlands where the first stage of a community rewilding project is transforming Allestree Park into the UK’s largest urban rewilding space is set to begin. The movement has attracted support from large organisations

such as National Trust, the Church Commissioners for England and the Duchy of Cornwall which together own about a third of England.

There are some notable successes such as the beaver introductions in Scotland (one in Argyll and the other in the Tay catchment and is now expanding into the Forth catchment area) where it is estimated that some 1000 beavers now live. In England, successful colonies have been established in Devon, Derbyshire, Kent, Cornwall, Cheshire and Dorset. Bison have also been successfully reintroduced in Kent. Such successes encourage other reintroduction projects including large predators such as wolves and lynx. The associated risk analyses will be interesting documents.

On the avian front, I have reported various eagle reintroductions and the projects to bring back Bustards. Some have been successful and some not so much but all have dedicated volunteers working to bring these projects to completion. Project staff have dressed up as Cranes, Britain's tallest bird, to encourage the return of the common crane. But a decade after the practice was publicised, the once-extinct cranes' comeback appears to be going strong.

Last year 71 pairs of the species were reported, the second highest level on record after 72 adults in 2021. Of the adult birds, which can grow up to 4ft tall, 64 bred and produced 39 chicks. The number is almost double the chicks fledged in 2020. Progress on the recovery of the species was slow, with just five



Dancing Cranes (Image The Wildlife Trusts)

pairs in 2000. But it was boosted significantly when 93 of the birds were hand-reared for release across the Somerset levels and moors between 2010 and 2014. So some long term projects do succeed.

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.

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