

REGIONAL REPORT – UNITED KINGDOM– JANUARY 2009

**UK Project Management Round Up for 2008**

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Introduction

The year has been dominated by the world wide credit crunch and this has had an impact on how and what projects have been conducted. Some projects have been curtailed, others have been abandoned before feasibility has been completed, and others never even got off the drawing board. Some, like the UK Carrier Replacement Programme, have been severely delayed. Despite this picture of doom and disaster, there have been a number of resounding project successes as well as the usual share of project disasters, so I intend to look back over 2008 and see what stands out for me here in the United Kingdom and then to look forward to 2009 – perhaps to draw some lessons and perhaps to forecast some prospects

Looking Back

Bad Projects. It is all too easy to look back over the year and note the many projects that in some way failed to deliver their intended benefits. That won't prevent me from mentioning two outstanding examples in the public sector where the Public Accounts Committee (PAC), the House of Parliament's spending watchdog reported one of the poorest examples of project management that it had ever seen – and that is going some because they have reviewed countless disastrous projects in their time.

This time the project came from the Department for Transport (DfT) where someone had the very sound idea to consolidate the services used by the DfT and seven of its agencies to be sharing services by April 2008; increasing efficiency and reducing costs. The business case was apparently sound as initial estimates said it would cost £55 million to set up the programme which would

save around £112 million over ten years, giving a total saving of £57 million. Unfortunately, current forecasts show the programme costs £121 million, saving only £40 million over ten years, adding up to a grand total cost of £81 million.

According to a report in the Times (16 Nov 08), **Edward Leigh**, chairman of the committee, said: "The DfT planned and implemented its shared corporate services project with stupendous incompetence. This is one of the worst cases of project management seen by this committee. "Remember that this was an efficiency drive aimed at saving £57 million by 2015. It now looks like the taxpayer will have to stump up £81 million to pay for it."

In its report, the PAC noted three potential ways to fail in implementing a plan: implementation, increasing costs and providing a poorer service. Members of Parliament concluded that the DfT had failed on all three aspects. Nonetheless, programme spokesmen claimed that criticism mostly concerned teething problems and that the system had begun to work as originally anticipated. The spokesman said: "As with any large scale and long term project, there have been aspects of shared services that have taken longer to implement than others. However, the system is now starting to deliver real change within the department with smoother and more streamlined processes." Other reports claim that the overall idea has been so poorly thought out and so problematic that only two of the seven agencies are using it. Furthermore, implementation has been so disastrous that staff have been receiving messages in German.

As if this was not enough, the Times reported only two days later that the National Audit Office (NAO), the UK Public spending watchdog, had highlighted the Ministry of Defence's (MoD) failings in the management of some of its biggest projects. The report, which examined 20 of MoD's largest projects, found they were on average £205 million over budget and 96 months later than their initial estimates. Five of the projects examined by the NAO showed significant cost or schedule problems in the year ended April 2008.

Tim Burr, head of the NAO, said: "Performance remains variable and, until the MoD and the defence industry improve their decision-making processes and show sustained learning from previous projects, value for money will not be consistently delivered." Different factors contributed to the cost increases and delays, but the NAO highlighted the shortcomings of project management, underestimated costs, and a lack of realism about the project from the start as seriously contributing to the poor performance.

Reports such as these are all too common, not just in UK but from all over the world, as may be judged by some of the reports we read from our team of Global Advisors. However there may be hope for the future. The PAC Chairman noted that "The DfT planned and implemented its shared corporate services project with stupendous incompetence. This is one of the worst cases of project

management seen by this committee." He added "The senior managers responsible for this failure, as in the case of other recent large-scale project failures to come before this committee, have not been properly held to account."

While not a single person has been held to account over the DfT programme failure, the significant point is that public watchdogs have understood that it is people who cause these failures and thus better training, support and education can all contribute to improving the situation. Also, the NAO noted that a number of projects had been managed correctly. One example is the *Watchkeeper* unmanned aircraft, which was put into action three years early to meet operational needs.

Good Projects. In addition to the *Watchkeeper* project, some other projects went well, notably several rail programmes completed to considerable public acclaim. The two best remembered were the opening of the new Channel Tunnel rail link, one the largest civil and mechanical engineering programmes undertaken in the UK for many decades. Despite its complexity, size and sheer budget, the 'project' met all the sponsor expectations.

Similarly, the completion of the West Coast Mainline programme earlier this month marked a major turnaround in programme management for the UK Rail industry. This latter programme had been a major contributory factor in the downfall of Rail Track and at the time of the inception of Network Rail was scheduled to be several years late and at least £4 Billion over budget. Yet, as reported on the Network Rail website, the £9 billion project to improve the West Coast Main Line – the key route linking London with cities like Birmingham, Manchester, Liverpool and Glasgow – was completed. This major engineering work will bring massive benefits to passengers, with more and faster trains running from December 2008.

The Network Rail statistics are impressive: more than 2,000 trains per day use the West Coast Main Line and journey times between London and Manchester will be cut to less than two hours, providing head on competition with air travel which has already reduced by 40%. Passenger train services are set to increase by 30% and freight traffic to grow by up to 70%.

Iain Coucher, Network Rail's chief executive said: "It has been a long road to this day, but Network Rail has delivered West Coast on the day we said we would. The infrastructure is now ready for next weekend for the introduction of new, faster, more frequent services across the route." Mr Coucher continued: "This has been an extraordinarily complex project to rebuild Europe's busiest mixed-use railway. Now it is complete passengers and freight operators will reap the benefits. Network Rail has made good on decades of underinvestment, and will continue to invest in the route in the years ahead as demand continues to grow. When Network Rail took over this critical project it was a mess. Railtrack

left the scheme billions of pounds over budget and undeliverable. Five years down the line, learning the lessons from New Year, Network Rail has re-written the rule book on project delivery, successfully hitting over a dozen key milestones in 2008.”

The really significant point is that when Network Rail took over management of the West Coast project in 2003 the final cost had spiralled to £14.5bn (Source: National Audit Office report, November 2006). The projected cost today is £9bn, well within the £9.9bn estimate made in 2003.

It appears that Network Rail carried out a full review of all the projects it inherited and applied full value management principles, allowing it to identify the benefits it was seeking and then determining how much it was prepared to pay for them. The result was a realignment of many project outcomes to make sure they were working synergistically and that there were no ‘over-engineered solutions’.

Furthermore, after the disastrous schedule overrun in January 2008, Network Rail changed the way it managed short term implementations to include more detailed, earlier planning and risk reviews, as well as rigorous analysis of critical resources and manpower. They also implemented military style command posts to control and oversee the track work. So there seem to be two lessons to draw from this: first that rigorous use of traditional project management techniques produces beneficial results and second, that value management is a valuable tool for senior management to use to understand the strategic aspects of complex projects.

There are, of course, dozens of other equally successful projects completing in UK each week but they receive little attention from the press because bad news sells papers and negative reporting is much easier to do than to seek out the positive. So while the level of unsuccessful project is still unacceptably high, there is a glimmer of hope. If MoD can get many of its long term, complex, high technology programmes right, and Network Rail can recover a failing major programme, lessons *are* being learnt and applied. It can be clearly seen that the future remains bright for project management.

Professional Advances. In UK we are well served by a variety of professional project related societies. In the vanguard is the Association for Project Management (APM) whose progress has been reported in my reports over the year. The current year saw the completion of the first phase of their major programme of professionalization. This saw the submission to the Privy Council of a request for the award of a Royal Charter. While some see this as an outmoded anachronism more in keeping with 19th century engineering societies, others take the view that formal recognition of the value to the nation and

society of an occupation defines a profession and demonstrates that its practitioners may take their place alongside other respected professionals.

Other societies with Project Management dimensions in UK include the UK chapter of PMI which has opened a new centre, bringing to 5 the number of centres offering events in UK. They also ran a very successful International Project Management Day in November 2008. The British Computer Society also offers a home for IT project people at their PROMS-G specific interest group, which offers regular events up and down UK.

Olympic Programme. The London Olympics programme has had a mixed year. Several projects are making good progress with work completed on removing the pylons, the land remediation largely completed, and work begun on the main stadium, swimming hall and velodrome. A full Value Engineering review of some of the smaller venues has also been completed, while the first venue has been completed at Weymouth where the land based facilities for the sailing events has been completed a year early. Problems remain on the funding front with the Media Centre in particular facing a serious cash shortfall. The Government has capped its contributions so the private sector will be expected to make up the gap.

Looking Forward

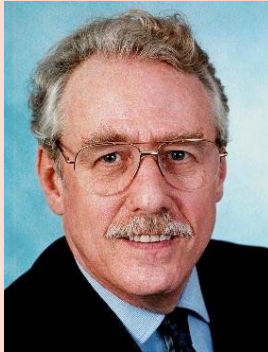
Professional Developments. All the PM societies have full programmes for 2009 as can be seen from their websites. It is hoped that the decisions on APM's bid for a Royal Charter will be announced in the early part of the New Year. Should the bid prove successful, a carefully planned programme of personal development will commence to develop the new Register of Professional project managers.

Academic World. The UK academic scene continues to develop new project related courses. Currently there are more than 100 courses available at something like 30 universities. Interestingly, there seems to be a move to base project and programme management in the business schools rather than in engineering faculties. Some see this as a recognition of the academic credibility of project management as a discipline being fully recognised at last.

Conferences. There are many PM related conferences in Europe and UK has its share. 2009 will see the influential European Academy of Management bring their annual conference to Liverpool's new conference facility in May (see events listing for full details). This event includes a very important project stream and papers are undergoing full double blind review as we go to press. Acceptances will be released at the end of January.

Governance and Standards. Both APM and BCS play major parts in the development of national and international standards, making experts available to assist the national standards body, British Standards Institute, to draft new standards and to revise existing one where necessary. They also provide experts to the major ISO committees. Of most recent interest has been the work on ISO 21500, Project Management, and the issuance of ISO 38500, Governance of Corporate IT. This latter one drew heavily on pioneering work by APM's Governance Review Group lead by PMWT International Correspondent **David Shannon**. Governance work has now moved on to consider how IT Projects should be governed

And so the outlook is interesting for Project Managers in UK. There is a great deal of professional society activity, projects abound, and, even if we are short of money, its likely to be careful use of project techniques that is likely to get us out of the mess the world economy is in.

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