

Cost and deliverability of the large renewals programme

Office of Rail and Road

30 November 2025

Some information has been redacted from the published version of this report where its disclosure could prejudice commercial interests'



FINAL REPORT

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1. INTRODUCTION

The Office of Rail and Road (ORR) independently monitors National Highways' (NH) management of the strategic road network (SRN) – the motorways and main A roads in England. As part of its role, the ORR advises the government on the appropriate level of funding and performance requirements for future road periods.

The ORR conducts a review of NH's draft Strategic Business Plan (dSBP) and provides advice to the Secretary of State on the extent to which the proposed requirements for Road Investment Strategy (RIS) 3 are challenging and deliverable within the financial resources provided. This is known as the Efficiency Review.

In June 2024, the ORR commissioned CEPA to support its Efficiency Review. CEPA completed an initial review of NH's plans for Operations, Maintenance and Renewals, as outlined in its interim dSBP. This included a review of NH's proposed significant structures renewals.

In June 2024, the draft RIS for Road Period 3 (RP3) was not final. To ensure that planning for RIS3 continued to progress, the Department of Transport (DfT) instructed NH to prepare an interim version of its draft SBP based on an agreed set of assumptions and invited the ORR to review those plans.

CEPA prepared a report for ORR in June 2024 titled 'Lot 1 – Operations Maintenance and renewals' that set out our views on the significant structures renewals which, alongside concrete pavement reconstruction projects, comprise the large renewals schemes.

The draft RIS was published in August 2025 and NH subsequently provided an updated version of the interim dSBP. CEPA then conducted a further assessment of the dSBP for NH's approach to costing, delivering and reporting "large renewals", defined as renewals with an expected cost in excess of £50m. This report sets out CEPA's views on this updated version of the dSBP in this area.

2. CONTEXT AND SCOPE

2.1. CONTEXT

RIS3 was expected to include between 10 and 30 major renewals projects comprising the largest structures and concrete pavement renewals, with “large” renewals defined as those estimated to cost in excess of £50m. These projects are subject to enhanced monitoring in RP3, with cost and schedule performance tracked against RIS development baselines.

2.2. SCOPE

CEPA was asked to assess the following:

- NH’s updated dSBP submission and details of the projects it expects to deliver, along with cost estimates and planned milestones.
- A detailed review of four structures renewals and concrete pavement renewals projects, assessing how costs have been built up and the level of maturity in the project plans and costings.
- Whether NH’s plans for large renewals projects are both challenging and deliverable within the available funding, taking into account the maturity of the projects, the clarity and stability of scope, and the realism of NH’s phasing and sequencing approach. This includes an examination of the accuracy of cost estimates in relation to the stage of design development, NH’s approach to risk and contingency, any commercial or procurement barriers, the adequacy of governance arrangements, and whether NH has taken appropriate steps to build efficiencies into its plans.
- The level of confidence in NH’s plans and whether they provide a robust basis on which performance can be monitored in RP3, and any recommended adjustments to plans or the evidence on which they are based, if necessary.

2.3. APPROACH

Given that Large Renewals are a new category of reporting that draws upon previously existing programmes of work, our approach was to:

- Understand, at a high level, how the large renewals programmes are costed and scheduled and what commitments NH is making regarding the delivery of works;
- Assess how NH prioritises and balances this portfolio of projects and to understand the level of uncertainty in the proposed programme.
- Assess the robustness of the cost estimates through a review of detailed cost forecasts for four (two structures, two pavement) large renewals.
- Request NH to specify its governance around prioritisation and delivery of Large Renewals.

3. JUNE 2024 ASSESSMENT OF THE INTERIM DSBP

In the June 2024 review of the interim dSBP, CEPA supported the ORR in its Efficiency Review. Our report set out CEPA's views on NH's plans to operate, maintain and renew the SRN in RP3. Supported by TRL, CEPA reviewed Operations, Maintenance and Renewals (OMR) plans for five asset types and also reviewed NH's plans for handback and subsequent OMR of roads managed at the time via Design, Build, Finance, and Operate (DBFO) arrangements.

"Large Renewals" were not a separately identified or scrutinised area of renewals in the interim dSBP. However, we did examine structures renewals as part of our review of the interim dSBP, and the largest component of expenditure within structures renewals was "significant structures" which, alongside "concrete pavement reconstruction" projects comprise the Large Renewals schemes. We did not review concrete pavement renewals in 2024. We understand that NH has started reporting of Large Renewals in the Interim Year since the interim dSBP in the quarterly OMR reports to ORR. This includes a progress report for each scheme.

3.1. OVERALL FINDINGS ON SIGNIFICANT STRUCTURES RENEWALS

Significant structures renewals were the largest single structures renewal component of the interim dSBP, totalling £1,514m in RIS3. Total costs for significant structures renewals were developed from scheme-level estimates. These were initially based on comparable previous works and then refined as the design and construction understanding of each scheme progress.

We noted that the complexity of significant structures schemes could lead to delays or extensions to the RIS3 schedule, and that actual work volumes and costs may differ from current estimates as the schemes progressed.

We recommended that the ORR monitor significant structures renewals against project milestones and the scheme level costings developed for these projects.

4. ASSESSMENT OF THE 2025 DSBP

Key findings

- NH’s dSBP includes the costs and milestones for 15 large projects. These comprise a total of [redacted] for six concrete road reconstruction schemes and [redacted] for nine significant structures renewals. Large renewals comprise all of the concrete road reconstruction work forecast in RIS3, but only [redacted] of significant structures renewals.
- NH’s commitment is to deliver 5-9 of these 15 large projects in RIS3. The concrete road reconstruction of the M27 is expected to be complete before RIS3 starts and, based on expenditure profiles, a further three projects are expected to be complete more than a year before the end of RIS3. To meet its minimum commitment, NH only needs one of a further five projects currently forecast to be complete by the end to RIS3. We do not consider that this is a challenging commitment. We recommend that the minimum number of projects completed in RIS3 be increased, and that “float rules” be removed such that the profile of funding matches the forecast delivery dates.
- We consider that the concrete roads schemes are challenging and deliverable in RIS3, albeit that there are risks that completion of some projects might be delayed into RIS4. It seems unlikely that the large structures renewals as currently envisaged will be delivered within RIS3, since:
 - Our review of more detailed costings shows that uncertainty is high for the structures schemes reviewed, despite one of these being in detailed design. The implication is that the programme of significant structures renewals, likely including large renewals, will change during RIS3.
 - NH’s processes show a clear expectation that there will be re-prioritisation and reworking of the significant structures renewals programme in RIS3 as scope and costs become better defined.
 - The concrete roads programme is relatively fixed, with little opportunity to reprioritise or accelerate works currently planned for future years.
- This implies that ORR’s scrutiny of tracking of delivery milestones and costs of the concrete roads programme is sufficient, but that additional scrutiny of the wider significant structures programme would be valuable in understanding the implications for other schemes, regions, and future RIS.
- We recommend that the ORR set out its expectations for reporting of changes in the programme and costs of significant structures renewals and any impact that this might have on large structures renewals works or plans, such that they can be built into NH’s proposed national programmes¹ change control process. This might draw upon the Quarterly National Delivery Review to inform ORR of the impact of changes to programmes.

4.1. DSBP EXPENDITURE AND DELIVERABLES

Large Renewals are a new category of renewal in the dSBP that was not present in the interim dSBP. It comprises a small number of renewals for which the anticipated cost exceeds £50m. There are two separate types of renewals that exceed this level of expenditure within the dSBP: significant structures and concrete pavement reconstruction. The forecast expenditure on these two categories is set out in Table 1.

Table 1: Amounts for large renewals included in the dSBP (£m)

Programme	2026/27	2027/28	2028/29	2029/30	2030/231	RIS3 Total	RIS4 Total	Total
Concrete pavement reconstruction	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

¹ Not to be confused with the National Programmes which, alongside Designated Funds, are used to deliver initiatives beyond its Operations, Maintenance, Renewals and Enhancements activities.

Programme	2026/27	2027/28	2028/29	2029/30	2030/231	RIS3 Total	RIS4 Total	Total
Significant structures	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Source: dSBP Financial Model

Each of these categories comprises a small number of individual large renewals projects; the expenditure on these large renewals projects, together with any aggregate amounts included in the dSBP for similar, but smaller projects, are set out in Tables 2 and 3 for concrete reconstruction and significant structures, respectively.

Table 2: Amounts for concrete pavement reconstruction included in the dSBP (£m)

Scheme	2026/27	2027/28	2028/29	2029/30	2030/231	RIS3 Total	RIS4 Total	Total
A46	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
M27 J5-7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
A180 Brocklesby	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
M180 J2-3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
A120 Wix Bypass	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
M271 J2 – M27 J3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other concrete reconstruction	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Source: dSBP Financial Model

Table 3: Amounts for significant structures renewals included in the dSBP (£m)

Scheme	2026/27	2027/28	2028/29	2029/30	2030/231	RIS3 Total	RIS4 Total	Total
Great Ouse Refurb	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
M6 Lune Gorge	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
M55 Broughton Circle	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Arundel Railway Bridge	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
M32 Eastville Viaduct	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Scheme	2026/27	2027/28	2028/29	2029/30	2030/231	RIS3 Total	RIS4 Total	Total
M5 Junctions 19-20 Wynhol Viaduct	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
M62 Goole, Howden & Airmyn	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Lofthouse Interchange	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
M53 Fender Lane North and South	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Other significant structures	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Source: dSBP Financial Model

The dSBP capital specification sets out the proposed detailed design start, construction start and construction end dates for the 15 large projects. These are set out in Table 4. The commitment that NH made in its capital specification is for 5-9 Large Renewals to meet construction end dates in RIS3.

Table 4: Targets/Commitments set out in capital specification for large renewals

Scheme	Programme	Detailed design start	Construction start	Construction end
Great Ouse Refurb	Significant structures renewals	2027/28	2029/30	RP4
A46	Concrete roads	2026/27	2028/29	RP4 – 2030/31 +1 ²
M6 Lune Gorge	Significant structures renewals	2024/25	2027/28	RP4
M55 Broughton Circle	Significant structures renewals	2027/28	2029/30	2030/31
M27 Junction 5-7	Concrete roads	2021/22	2024/25	2026/27
Arundel Railway Bridge	Significant structures renewals	2027/28	2029/30	RP4
M32 Eastville Viaduct	Significant structures renewals	2024/25	2027/28	RP4
M5 Junctions 19-20 Wynhol Viaduct	Significant structures renewals	2025/26	2028/29	RP4
M62 Goole, Howden & Airmyn	Significant structures renewals	2026/27	2028/29	2029/30
A180 Brocklesby	Concrete roads	2027/28	2028/29	RP4 – 2030/31 +1
M180 Junction 2-3	Concrete roads	2027/28	2029/30	RP4 – 2030/31 +1
A120 Wix Bypass	Concrete roads	2026/27	2028/29	RP4 – 2030/31 +1

² Projects that are expected to be complete in 2030/31 but without a specific date, NH “float rules” take its commitment into RP4

Scheme	Programme	Detailed design start	Construction start	Construction end
M271 J2 - M27 J3	Concrete roads	2026/27	2028/29	2030/31
Lofthouse Interchange	Significant structures renewals	RP4	RP4	RP4
M53 Fender Lane North and South	Significant structures renewals	2029/30	2029/30	2030/31

Source: dSBP

4.2. HIGH-LEVEL ASSESSMENT OF COSTINGS AND SCHEDULES

It is clear from the costs, and the anticipated profile of the costs, that the Large Renewals category includes two very different programmes.

The **concrete road reconstruction** works are a defined programme of six schemes, all of which are large. These are all anticipated to be completed in RIS3 (based on their expenditure profiles), and all concrete road reconstruction schemes are expected to cost at least £50m.

The **significant structures** programme is very different. Of the nine projects, only three are expected (based on their expenditure profiles³) to be complete in RIS3. In addition, there is clearly a large number (at least 54) significant structures renewals that are not currently expected to cost more than £50m. Only [redacted] of the expected RIS3 expenditure is on large projects, and only [redacted] of expenditure in RIS4 is expected to be on large projects. The large projects are therefore only part of the overall spend on significant structures renewals, and so any additional reporting of large project progress would only enable the ORR to monitor progress on a relatively small proportion of expenditure – albeit the most expensive schemes. It will be important that ORR’s monitoring of significant structures renewals captures the impact of changes in the large projects on the rest of the significant structures programme and, conversely, the impact of the wider programme on the large projects – for example, as the scope of some projects potentially expands such that they exceed £50m or where other significant structures projects are delayed or deferred if projects that exceed £50m increase in cost.

It is also clear from the expenditure profiles that the expenditure and delivery dates do not correspond to each other. NH set out its “float rules” for determining the delivery dates set out in the capital specification in the briefing on large projects, which are to add 3 months to a date if in year 1 or 2 of RIS3, and to add 6 months to a date thereafter.

NH expenditure profiles make it clear that the dSBP quantum and profile of RIS3 funding is for nine large projects to be completed in RIS3: there are nine projects for which there is no RIS4 funding. In addition, one project (M27 Junction 5-7 concrete overlay) has no expenditure assigned to it in RIS3, and yet it is included within the capital specification as a RIS3 commitment. It seems to us that this project should be excluded from NH’s commitment for RIS3, given that it seems that the “large project” works and expenditure are expected to be complete in 2025/26. For practical purposes, NH’s delivery commitment in the capital specification is therefore to deliver 4-8 of the eight projects that it currently expects to construct in RIS3. Three of these eight projects are not expected to have any expenditure in the final year of the RIS, so they would have to be at least one year late not to meet NH’s delivery commitment. In effect, to meet the minimum commitment in the capital specification of completing five of the specified schemes before the end of RIS3, NH would have to:

- Complete one scheme that is due to be complete before RIS3 starts;

³ NH have applied “float rules” to derive completion dates for the large projects. This analysis looks instead at the expenditure profiles for the projects, which gives a better understanding of when NH is funded to complete works

- Complete three schemes that it anticipates completing at least one year before the end of RIS3; and
- Complete one of a further five schemes that it currently expects (based on the requested funding) to complete before the end of RIS3.

This does not seem a challenging commitment. While it is possible, or likely, that it will not deliver all nine schemes within RIS3, its current commitment does not seem challenging or ambitious.

We recommend that the dates set out in the capital specification should match the funding commitment and NH’s current most likely expectation (i.e. NH’s float rule adjustments should be removed). We assume that NH’s most-likely expected schedule will include some level of schedule contingency. While a commitment of completing all nine projects might not be realistic, ORR should consider setting a more challenging minimum commitment, such that NH could be more ambitious than it is at present.

4.3. REVIEW OF DETAILED PROJECT COSTINGS AND SCHEDULES

We requested the current detailed costings and schedules for four schemes (two significant structures, two concrete roads) from NH to allow us to review the approaches applied and to gain an understanding of the robustness of the resulting costs and schedules.

The projects that we requested information on cost and schedule, and that NH provided, are set out in Table 5 below.

Table 5: Large renewals reviewed in greater detail

Scheme	Programme	Detailed design start	Construction start	Construction end
A46	Concrete roads	2026/27	2028/29	RP4 – 2030/31 +1 ⁴
M32 Eastville Viaduct	Significant structures renewals	2024/25	2027/28	RP4
M62 Goole, Howden & Airmyn	Significant structures renewals	2026/27	2028/29	2029/30
M271 J2 - M27 J3	Concrete roads	2026/27	2028/29	2030/31

Concrete road reconstruction schemes

The estimated costs and programme for both of the concrete roads reviewed are at an early stage in their development. However, they are based on consistent and clear technical assumptions⁵ that describe the estimating methodology and assumptions. Changes (reductions) from the most-likely costs described in the estimates to those set out in the dSBP are described at a high-level, for example, similarities between some of the minimum-range in cost estimates and design assumptions for the proposed project, changes to inflation assumptions, reduction in risk levels, and an overlay of dSBP efficiency assumptions. While the resulting **[redacted]** risk allowance is less than we would expect for a project at this early stage of development, NH argues that this is based on experience of delivering four projects in RIS2.

Overall, the cost estimates appear appropriate for the early stages of the project, but the risk-registers – and quantification and management of risks – will require significant development and attention as the projects progress if they are to deliver on time and within budget.

⁴ Projects that are expected to be complete in 2030/31 but without a specific date, NH “float rules” take its commitment into RP4

⁵ RFI 032, CRF - SCE - Technical Note (002)(1)

We note that both concrete road reconstruction schemes that we reviewed have identified difficulties in procuring optioneering suppliers and a lack of capacity in NH that has resulted in delays to optioneering. Early dates in the schemes (design start) have been delayed from assumptions made when cost estimates were prepared in February 2025. The A46 now anticipates the start of preliminary design in September 2026 (Oct 2025 previously) while the M271 is expected to start preliminary design in August 2026 (April 2026 previously). While this may be based on different programme assumptions rather than project delay, the combination of difficulties in procuring optioneering suppliers and the apparent changes to milestones does highlight that delivery of the concrete reconstruction schemes is not certain, and that there is value in tracking the delivery of projects against their internal milestones as projects develop.

Significant structures renewal schemes

The two structures schemes reviewed are at very different stages in their development. The M62 Goole, Howden & Airmyn scheme is at a very early stage in its development, while the M32 viaduct scheme is in detailed design. As a result, the M32 viaduct costings and plans are far more developed than for the M62 Goole scheme.

The information supplied on the costing of the M62 Goole scheme is superficial, and there is insufficient information⁶ for us to assess the extent to which the costings included are robust or challenging. They state a min/most likely/maximum cost of [redacted], but it is not clear whether or how this is consistent with the [redacted] included in the dSBP for this scheme. We also note that the overall Analytical Assurance Statement for the project rates the “Overall Fit for Purpose” of the cost estimate as “Red”, stating that, “At this moment, prior to a designer being appointed, and without a detailed scope or methodology being available to the cost estimating team, we cannot provide a level of confidence required for the business to proceed”, albeit that this document is dated March 2024.

The information provided for the M32 is much more complete and comprises a project design report, schedule, risk register, and a signed and recent range estimate and a forecast expenditure profile. An efficiency register is also provided. It is not clear how the cost estimates provided relate to those in the dSBP. The dSBP includes [redacted], and the forecast expenditure includes detail of expenditure in RIS2 and the interim year totalling [redacted]. This implies a total cost, based on the dSBP, of [redacted]. The expenditure forecast totals [redacted] (including historical expenditure, excluding portfolio risk) while the range estimate states a mean estimated outturn (excluding portfolio risk) of [redacted], respectively.

The project schedule, while comprehensive for the time-period covered, appears to include the schedule for the design only. It does not include tasks, schedules, or even high-level information relating to works beyond Q1 2026. It is therefore not possible to understand the extent to which the current project schedule for delivery of the project beyond its design is robust or challenging. The efficiency register also focuses on efficiencies delivered to date in the design phase. As a result, the efficiencies identified are very small relative to the scale of the project ([redacted]). We would expect to see larger efficiencies pursued in the design and delivery of the project, potentially via opportunities in the risk register.

The risk register provided sets out many of the risks that we would expect to see associated with a project of this type, such as the potential to require compulsory purchase orders should land not owned by NH be required, or construction delays due to insufficient resources. There is evidence that the risk register is reviewed periodically. As noted above, we would expect to see efficiencies (for example, in procurement, design of project or techniques) to be pursued via the identification and management of opportunities in the risk register. While “type” of risk is identified in the risk register, it is currently populated entirely by “threat”, with no opportunities identified or managed.

Overall, the estimates for the M32 look plausible and have been developed by applying NH’s specified approaches to the scheme in question. There is evidence that appropriate evidence has been used to develop these costs, and

⁶ An email provided in response to RFI 032 includes links to detailed commercial assessment (CESS) and range estimation spreadsheets, but these links are not accessible outside of NH.

levels of risk included appear realistic for a project of this scale at this point in its development – albeit that these imply high levels of uncertainty in cost outcomes.

Both of the structures cost estimates are highly uncertain. This is not surprising for this type of project, where costs are inherently uncertain at early stages in project design and development. However, it highlights another qualitative difference between the two programmes that comprise the Large Renewals. Concrete road reconstruction projects are relatively certain in scope and have (relatively) low risks associated with them. While the [redacted] risk amounts associated with the programme are lower than we might anticipate, they are far smaller than the equivalent amounts for the structures projects. For example, the max value for the M62 Goole scheme is [redacted], with the uncertainty being higher despite the project being in detailed design compared to the pre-options stage for the concrete roads projects.

4.4. PROJECT PRIORITISATION

The concrete roads schemes have moved through their prioritisation, there is no scope for projects to be prioritised or for works to change materially, since there are no projects that would be capable of being delivered in RIS3 by accelerating RIS4 projects.

In contrast, the significant structures schemes are a small number of large schemes that are the largest components of a wider cohort of significant structures renewals. As noted earlier, the large projects identified comprise only [redacted] of RIS3 significant structures expenditure, and there is a further £1.9bn of significant structures expenditure anticipated for RIS4. Given the uncertainty of the scheme costs highlighted previously in this report, it seems likely that cost and schedule changes in the large schemes (and in other significant structures renewals) will result in the proposed programme of significant structure renewals changing materially during RIS3. For example, NH could theoretically deliver multiple projects in excess of £50m for the cost of, say, the M32 Eastville Viaduct renewal (were this cancelled or delayed) or if that project were to double in cost, it could reduce the number of other large projects that could be funded.

NH described the prioritisation process that has been used to prioritise significant structures renewals in their response to a request for information. This combines regional knowledge of safety related needs, draft scopes of work and cost estimates that were then scrutinised by a panel to ensure consistency between potential schemes. This prioritised list was then priced by the Commercial and Procurement team, and the final programme was again reviewed and compared to achieve a balanced programme.

NH's response to our request for information on its approach to prioritisation makes it clear that changes to the programme are envisaged and that such changes will be nationally coordinated in discussion with the regions. NH is developing a national programmes change control process and tracker to ensure that all programmes are capturing changes to cost, schedule and outputs in a similar way and format. NH plans that this process will be completed by December 2025.

Given that some of the significant structures renewals might exceed £500m, it is plausible that an overspend on one of these projects could materially affect the wider programme of works. We therefore believe that it is important that the ORR has a good understanding both of the large structures projects and the impact that they have on other potential schemes.

The uncertainty and flexibility in the structures programme is understandable given the early stage of the projects. It is disappointing that NH has come forward for such significant funding with projects at such an early stage in their development. We would have expected projects to be much further developed, given that the need for structures renewals and life-extension has been understood for at least a decade. As a result, DfT is being asked to provide significant funding for projects that are, in many cases, not fully developed. Both ORR and DfT need to understand the process that NH will follow to move from the current list of projects to a comprehensive schedule of deliverable work. Given the early stage that projects are at, this will likely involve understanding and prioritisation of large structures in a wider significant structures renewals programme.

However, there are limits to this reprioritisation: it will become very inefficient to defer /reprioritise beyond procurement, and so a thorough understanding of risks – and sufficient funds to manage/address them – will be essential when spend is committed.

4.5. PROJECT GOVERNANCE AND REPORTING

As noted above, NH is developing a national programmes change control process and tracker to ensure that all programmes are capturing changes to cost, schedule and outputs in a similar way and format.

NH has set out the principles that it envisages for large renewals reporting. This process would contain:

- Monthly reports on each of the programmes, and large renewals specifically being provided monthly to the Operational Performance Review (OPR).
- Any change for Large Renewals will be taken to the monthly OPR meeting for approval by the Chief Operating Officer and his team of Directors.
- This would then come to the OMR meeting with ORR/DfT.

While this is a useful starting point that would keep ORR abreast of changes to large renewals it would not contain sufficient detail of the wider programme to allow ORR and DfT to understand the longer-term implications of changes to the large renewals. For example, increased cost on a significant structures renewal might require holding measures on another structure such that sufficient funds were available.

The response on governance highlights an additional meeting that appears to us to be at an appropriate level for involvement from ORR and/or DfT. NH's response highlighted a Quarterly National Delivery Review to review the overarching programme and scheme progress in regions. This might be a suitable meeting, when supplemented by appropriate change control as noted above, for ORR and DfT to attend to gain sufficient understanding of programme progress and changes. It is quarterly, which strikes a reasonable balance between immediacy and an ability to understand the development of a 5-10 year programme.

Overall, while details and updates of delivery progress and challenges would be appropriate for the concrete roads large renewals, the more flexible programme of significant structures works suggests that further understanding of changes to the programme, their prioritisation and impact, are necessary. We recommend that the ORR set out its expectations in this area such that they can be built into NH's proposed national programmes change control process.

4.6. SUMMARY

Overall, we consider that the concrete roads schemes are challenging and deliverable in RIS3, albeit that there are risks that completion of some projects might be delayed to RIS4. It seems unlikely that the large structures renewals will be delivered as currently envisaged, primarily due to the large level of uncertainty included within projects and the clear expectation from NH that there will be re-prioritisation and reworking of the significant structures renewals programme in RIS3 as scope and costs become better defined.

This implies that ORR's scrutiny on delivery of the concrete roads programme is appropriate, but that additional scrutiny of the wider significant structures programme would be valuable in understanding the implications for other schemes, regions, and future RIS.

We recommend that the ORR set out its expectations for reporting of changes in national programmes of works such that they can be built into NH's proposed national programmes change control process. This might draw upon the Quarterly National Delivery Review to inform ORR of the impact of changes to programmes.

We do not consider that NH's minimum commitment to complete five large projects in RIS3 is challenging. We recommend that the minimum number of projects completed in RIS3 be increased, and that "float rules" be removed such that the profile of funding matches the forecast delivery dates.



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