



N I C H O L S

Secretary of State  
Department for Transport  
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Dear Secretary of State

I am pleased to deliver to you my report reviewing the Highways Agency's major roads programme.

You asked me particularly to look at the Agency's cost estimating and project management. You will see the report is not saying the Agency is paying more than it should do for its schemes especially as the recent spend on major projects has been relatively modest. Rather, there have been significant increases in cost estimates, largely on schemes which are not yet in construction. Thus the main concern is in dealing with future delivery. I therefore conclude that the Agency needs to develop its systems and capability for preparing and challenging estimates and to improve its delivery capability, if it is to manage successfully the large forward programme of investment. The report makes a number of detailed recommendations on how this should be done.

The report also includes recommendations for restructuring the programme, to recognise the uncertainty at different stages of scheme development and improvements that should be made to the governance arrangements between the Department and the Agency.

Given the size of the forward investment programme, I believe these are important improvements which need to be taken forward with urgency and determination. I trust you will agree.

Yours sincerely

Mike Nichols