



Audit Committee
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Public



North West Relief Road Management Update

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Cabinet Member (Portfolio Holder):	Cllr Rob Wilson, Cllr David Vasmer		

1. Synopsis

The purpose of this report is to:

- Provide an update on actions taken by the Project to address the Final Internal Audit Report North West Relief Road (NWRR) 2024/5 - 8th May 2025, and the separate review undertaken by external auditors Grant Thornton in November 2024

Executive Summary

- 1.1. The Audit report noted that levels of Assurance now show a “Strengthening Control Environment” to “Reasonable”. This demonstrates a strong improvement from the “Unsatisfactory” Assurance Level in the 2023/4 report.
- 1.2. Of the 18 recommendations made in the last report (both from internal and external audit processes), 13 are now fully implemented, 3 partially and 2 are outstanding. These 2 outstanding matters are summarised in the four ongoing recommendations below. The Management approach to fully address these is given in this report.
- 1.3. The Objectives of the previous report are summarised below. Objectives with a ✓ demonstrate that appropriate management controls are now in place and upon which positive assurance can be given. Objectives with an X are those where the management controls are not yet being achieved:

- ✓ The recommendations made in the previous audit have been implemented.
- ✓ The recommendations made in the Grant Thornton report November 2024 have been implemented.
- ✓ Administration arrangements to monitor, control and reporting of the budget.
- ✓ Interdepartmental dependencies are in place and decision-making is made in conjunction with the project outcomes.
- ✓ Appropriate management arrangements are in place with consultants and stakeholders.
- X Appropriate Governance arrangements are in place which govern the Northwest Relief Road Project.
- X Appropriate project management arrangements in place to manage the project.

1.4. To address the management controls above that still require ongoing attention ("X"), four recommendations were made as part of the 8th May 2025 audit, these are detailed and addressed at Section 8 in this report.

The Project can confirm that the four recommendations have now been considered, and appropriate actions agreed / taken, as part of the ongoing work of the NWRR Executive Board.

2. Recommendations

- 2.1. The committee is asked to review and acknowledge the Projects adherence to the outstanding recommendations as were identified in the Final Internal Audit Report North West Relief Road (NWRR) 2024/5 - 8th May 2025.

Report

3. Risk Assessment and Opportunities Appraisal

- 3.1. The risk of not actioning the Recommendations in the Audit Report in relation to project governance are that the Council fails to achieve key milestones in the delivery of this project. Slippage or non-delivery of the NWRR (as a currently live project) will then impact the wider benefits, economic, environmental, and social that the NWRR will achieve, along with the Councils reputation and financial standing.
- 3.2. The risks of not complying with the financial control Recommendations are that the Council incurs unnecessary cost, negatively impacts value for money and/or breaches regulations. This is now acknowledged within the May 2025 Audit Report as being fully mitigated with ongoing engagement with the dedicated project officer representing the Capital Finance Team, and the escalation of costs variance approvals to the NWRR Project Executive Board.

4. Financial Implications

- 4.1. The initial Audit Report highlighted some items around the financial management of the project. It is to be noted at this report that, administration arrangements to monitor, control and reporting of the budget are now fully in place and acknowledged as such by both internal and external auditors.
- 4.2. Variations to the projects financial forward plan and expenditure are considered at the NWRR Executive Board, chaired by the Chief Executive, and attended by the S.151 Officer and the Capital Finance Partner. Decision logs and minutes are recorded and published on the project SharePoint site for the information of the wider project governance structure. These and all historic NWRR Executive Board meeting minutes are also published publicly, redacted where appropriate, through the Projects council website area.

5. Climate Change Appraisal

- 5.1. Although this report does not encompass any actions that would directly impact on the Council's Climate Change Strategy, it should be noted that at Planning Committee 15th Feb 2024, the following Condition, proposed by the LPA, was accepted by the project.

Condition no 41.

No development shall commence until the Carbon Assessment Plan has been submitted for approval to the Local Planning Authority. The Carbon Assessment Plan shall include in its scope, the built design, construction phase impacts and future use scenarios for the project and how the project will demonstrate achievement of a net-zero carbon outcome should be within Shropshire or nearby area.

Development shall not commence until the Carbon assessment plan has been approved in writing by the Local Planning Authority.

The development shall be carried out in accordance with the approved Carbon Assessment Plan.

Reason: To allow the Council to meet its declared climate change objectives in accordance with Policies SC6 "Sustainable Design and Development Principles" of the Shropshire Core Strategy, MD2 "Sustainable Design" and MD8 "Infrastructure Provision" of the Shropshire Council Site Allocations and Management of Development (SAMDev) Plan.

6. Background

- 6.1. Since the early 2021 Full Planning Application submission, the North West Relief Road project has experienced several delays beyond its control, and the scheme has evolved with changes to the original design. These delays and design amendments have been due to the direct and uncontrollable impact by third parties (Environment Agency, Severn Trent Water and Natural England) through the Planning period.
- 6.2. The extensive and prolonged (around 2 1/2 years longer than anticipated) collaboration with all parties has however, ensured that at the Northern Planning Committee in February 2024, a resolution was given to approve subject to the committee agreeing Conditions and the signing of 3no Section 106 agreements.
- 6.3. The unforeseen delay at Planning, despite impacting the projects overall programme and costs (largely through cost impacts around delays in construction at a time of unprecedented market inflation) has however, ensured that the Project has received a full and thorough examination by stakeholders and the public. It's to note that many of the concerns raised at planning have now been able to be directly addressed through design or technical solutions.
- 6.4. Although the Planning delay can reasonably be expected to have impacted the full cost of the scheme based on the original 2019 Outline Business Case forecast, the two key external funders of the project (Marches LEP, superseded by The Marches Joint Committee, and DfT), remain regularly appraised of the Planning delays and the impact on programme, and both have accepted amended estimated completion dates based on this.
- 6.5. A Full Business Case (FBC) around the Oxon Link Road was endorsed by The Marches LEP in Dec 2023, and a second (draft) FBC for the wider NWRR alignment has now been published, but not yet submitted, to DfT. The outcome of the Leaderships current engagement with Ministers on the project's future is now awaited to inform next steps.
- 6.6. Progress on the NWRR Project is currently paused (planning permission issue, procurement of the main contractor, external legal support, and the current WSP commission), to evaluate potential next steps. The NWRR Exec Board approved the cessation of all non-vital activity since the commencement of the Pre-Election Period, and therefore spend on the project, until such time that an agreed future direction is instructed by Members.

7. Audit Recommendations

7.1 The terms of reference should be completed, reviewed and approved at the next board meeting. Actions should be followed up from the previous meeting to ensure all have been actioned and this should be clearly recorded in the minutes

Management Response.

Draft Terms of Reference were considered at the NWRR Executive Board Meeting (30th April 2025). The resolved standing attendee list is now confirmed as at the first NWRR Exec Board under the Councils new administration (28th May 2025) to include relevant Portfolio Holders as may be required.

The Final Terms of Reference will be amended in the light of this for approval at the next Exec Board meeting (June 2025). Standing attendance from non-Council representatives (WSP) has been removed, except on required technical items

All NWRR Executive Board meetings are fully minuted with actions reviewed and agreed at close of the meeting. These minutes are then reviewed and adopted at the following meeting. On approval of the NWRR Executive Board, these are then publicly published (redacted where appropriate) within the NWRR web page area. Minutes are also stored on the internal project SharePoint area, accessible to all required officers.

- **Recommendation completed.**

7.2 A Project Delivery Board with appropriate internal and external stakeholders should be established with clearly defined governance arrangements, Terms of Reference and roles and responsibilities. The Project Board should meet on a regular basis with agendas, actions and minutes being recorded. Actions should be agreed and reviewed. Minutes should show clear and transparent decision making and any appropriate referrals to the Executive Board.

Management Response.

A Project Delivery Board, its potential composition, and its role, was discussed at the NWRR Executive Steering Group 30th April 2025. Given the current project pause at that time (pending the local election outcome), and the status of the project as it moves from its Planning and FBC stage into delivery, it was agreed that it would be appropriate to defer agreement on this matter in the light of a new administration.

The Project Delivery Board currently remains in the latest Governance structure considered and agreed by the Executive Board March 2025.

In line with the new administration's instruction and agreed milestones, full Terms of Reference and the interrelationship with the wider governance needs of the Council and the Project Delivery Board can be considered in due course as required, and appropriate attendees and the groups remit agreed with the NWRR Executive Steering Board.

Minuting and actions of the Project Delivery Board would be captured and monitored for escalation where needed to NWRR Executive Board to give full visibility and decision making within agreed delegations going forward. In line with all other project meetings,

minutes would be shared and visible to all required officers through the projects existing SharePoint resource.

- **Recommendation actions paused pending further updates on Project direction.**

7.3 Subject to planning permission being obtained and if the project is reconvened in June, the project plan will need to be revised or a new one created, depending on the status of the project at that time. Once in place, regular reporting will then need to commence to the project board against the project programme. This should include progress against key milestones with appropriate decision being made and actions being approved. (Updated from recommendation made and agreed in 2023/24).

Management Response.

As an action from the Feb 2025 NWRR Executive Board, a Delay Impact Working Sub Group (NWRR Project Executive Manager led, with WSP support) was established to assess the project impacts around the current delay, pending the local elections.

This group considered three scenarios ("Project Plans") based on assumed delay durations. Financial, procurement, construction and planning risks were assessed. The resulting report was considered and accepted by the Executive Board in March 2025. Following discussion, it was agreed that these scenarios would be assessed further once a steer was received by the Chief Executive and S.151 Officer following their ongoing engagement with Members.

Further updates are expected as part of the current engagement between the leadership and relevant Ministers. The forecast risks and agreed future programme would then be part of the Project Board and Executive Board considerations as required. This will ensure that the future agreed Project Plan is given appropriate oversight and management against milestones to be agreed by the new administration.

- **Recommendation action paused pending further updates on Project direction.**

7.4 The Shropshire Council risk register should be updated to include all new risks following the delay of the FBC not being presented to Council and the Department for Transport (DfT). Risk should be a standing agenda item on the Executive and Project Boards. Risks held in the corporate risks register should align to those held within the WSP risk register. Regular meetings should be held with agendas and minutes to show clear transparent decision making and referrals to Council and Cabinet where necessary.

Management response

A full Risk Review Workshop was undertaken with the NWRR Executive Project Manager and the Councils internal Risk Team on 20th May 2025. Current assessed risks, including WSP areas, were reviewed and an appropriate mitigation approach updated where required. These reviews will continue on the current quarterly basis.

It was agreed that the Shropshire Council Risk Register is to be fully updated again, in line with the confirmed preferred option from the Delay Impact Working Group Report, or the outcome of current engagement between the Leadership and Ministers, whichever is the final agreed forward programme. The Delay Impact Report already establishes high level risks related to three scenarios.

On the future instruction of the Leadership, the chosen scenario to be pursued by the project will be then fully assessed in terms of further detailed financial, procurement, planning and construction risks. This update will be presented to the Executive Board in due course for assessment and agreement.

Impacts on the financial position of the project will be managed through liaison with the Capital Finance Partner and the S.151 Officer as required. Risk as a standing agenda item is on the agenda for all NWRR Executive Board meetings from April 2025, with a Power BI risk report being produced and circulated. All decisions on risk and mitigations at the Executive Board level will then be captured in future minutes / action logs and published in line with usual practice

- **Recommendation action paused pending further updates on Project direction.**

8. Conclusions

- 8.1 The NWRR will continue to be a high-profile live project during the current engagement process with Ministers by the Council Leadership. The Audit Recommendations, and the confirmation given in this report of the ongoing adherence to these, will ensure that the project remains effectively managed fully in line with the required financial and governance processes of the Council, until such time as its future direction is agreed.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Local Member: *N/A*

Appendices none