SENTINEL ADVISORY

COMMENTARY / AUGUST 2026

# Most overruns are decided before construction starts.

The Six Sponsor Controls — keeping complex infrastructure and renewable energy projects on time, on budget, and out of dispute.

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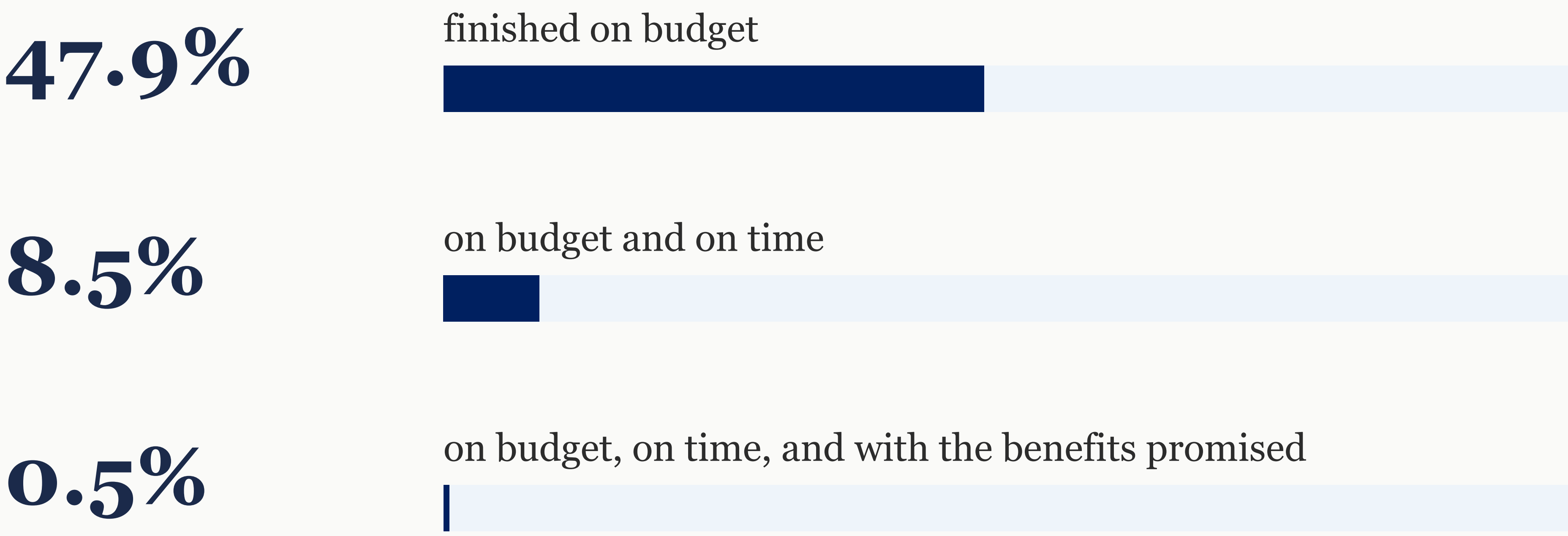
THE IRON LAW OF MEGAPROJECTS

# Over budget, over time, under benefits — over and over again.

Bent Flyvbjerg's database is the largest of its kind — more than 16,000 projects across 136 countries. Measured against their own approved budgets and schedules, this is how they finished.




*each bar is measured against the full 16,000 — the pale track behind it*

> *That is not a construction problem. It is a governance problem.*

SOURCE: Flyvbjerg & Gardner, How Big Things Get Done (2023) — database of 16,000+ projects across 136 countries.

THE FRAMEWORK

# Six controls every Sponsor owns — regardless of what the contract says.

Contractors are engaged to build. Each of the controls below is lost quietly, long before it ever shows up in a report.

01 **Delivery strategy**
*Fixed before the market is approached, not after.*

02 **Pre-construction certainty**
*Bought while it is still cheap to buy.*

03 **Sponsor capability**
*Turnkey transfers work, not accountability.*

04 **Interfaces**
*The space between contracts, owned deliberately.*

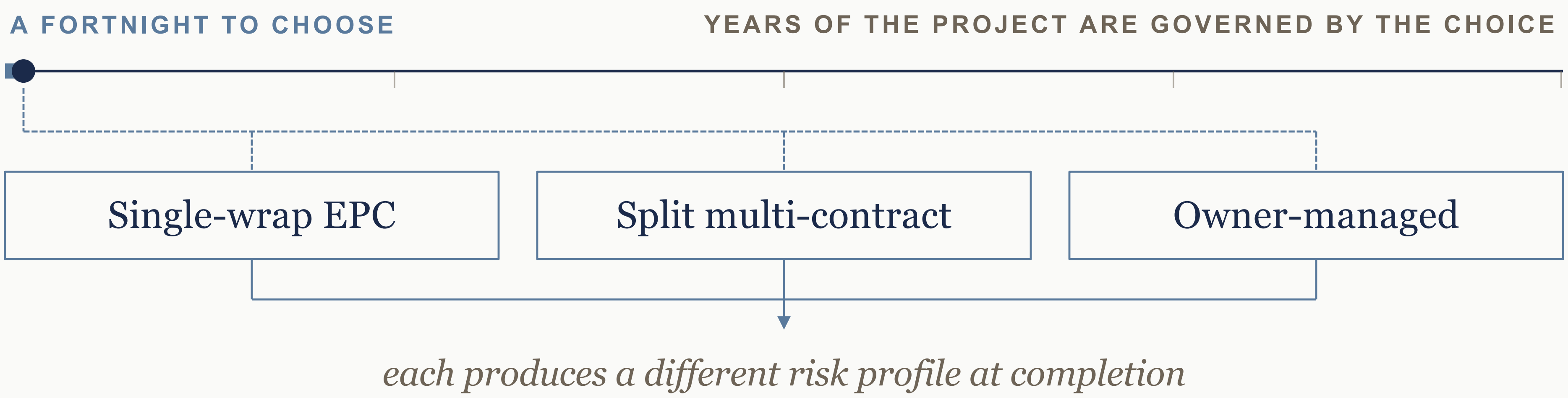
05 **Early resolution**
*Issues settled before they harden into claims.*

06 **Continuous assurance**
*Knowing whether the reported position is true.*

CONTROL 01

# Fix the delivery strategy before you go to market.

The contracting model is usually chosen in a fortnight and then governs the risk outcomes for the next few years. It is the most consequential decision the Sponsor makes, and it is made before anyone can price it properly.




## THE DISCIPLINE

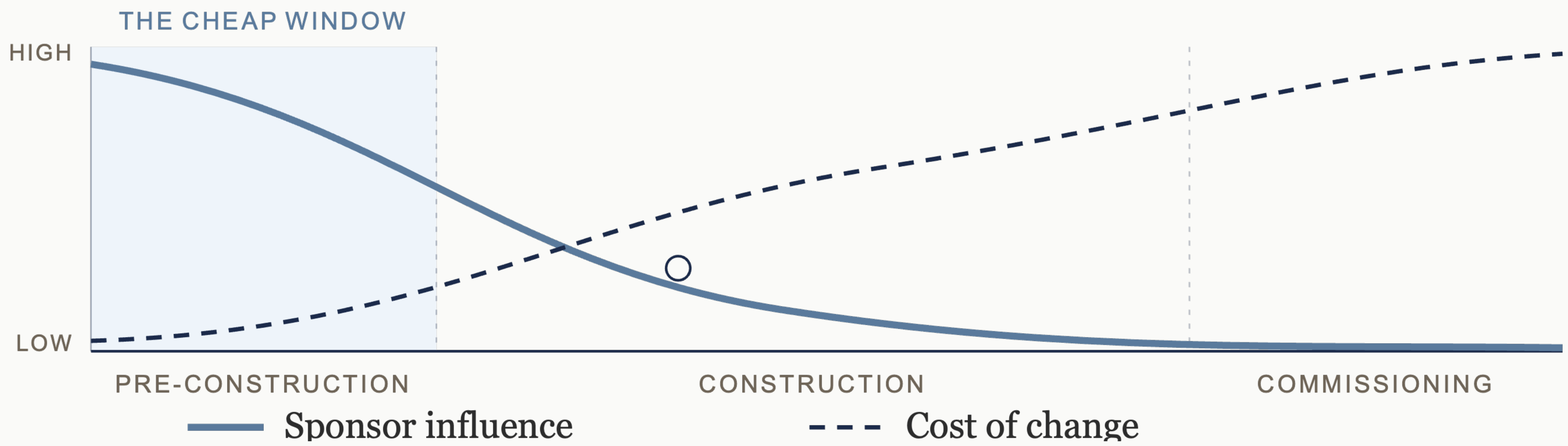
- Contracting model — single-wrap EPC, split (multi) contracts, or owner-managed
- Package boundaries, and who owns the seams between them
- Risk allocation the market will price, not load with contingency
- The Sponsor resourcing that the chosen model actually implies
- Lender, insurer and grid requirements confirmed before tender

> *No contract recovers a delivery strategy that was wrong on day one.*

CONTROL 02

# Buy certainty while it is still cheap.

Pre-construction is the least expensive phase of the project and the phase in which the largest sums are committed. The Sponsor's influence over cost and programme is at its maximum before mobilisation and declines every week afterwards.




### THE DISCIPLINE

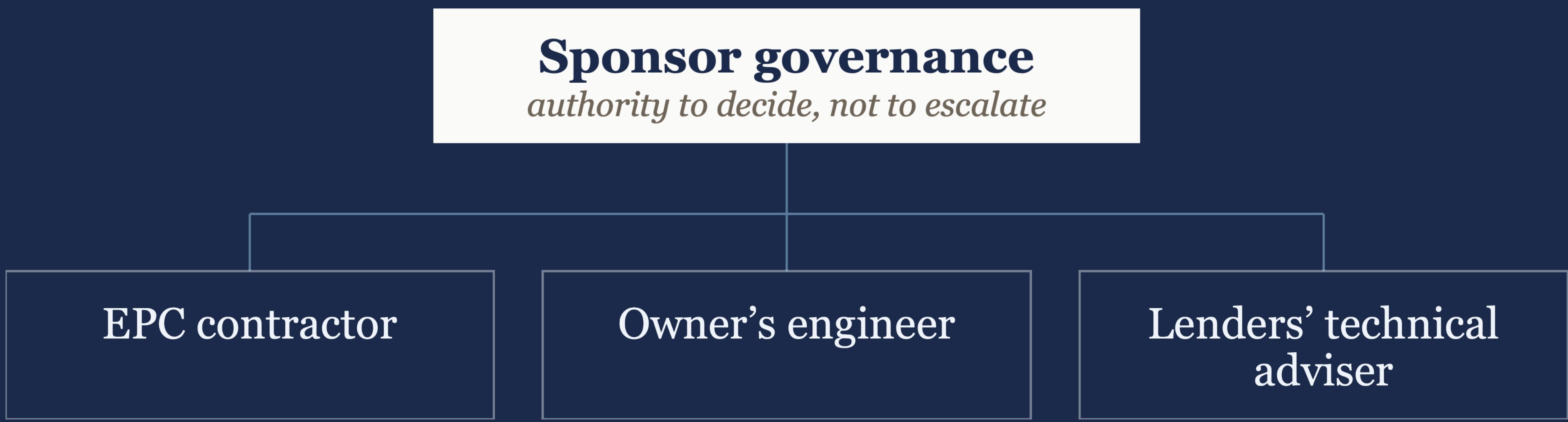
- Design maturity sufficient for the contract, not for the board paper
- Geotechnical coverage across the real footprint, cable routes included
- Grid connection: capacity, curtailment, date, and who carries delay
- Land access and consents secured, not "in progress"
- A programme built from productivity rates, not from financial close

> *Every uncertainty carried into construction is repriced at construction rates.*

CONTROL 03

# Resource the Sponsor side properly.

A turnkey contract transfers work. It does not transfer accountability. The Sponsor still has to specify, decide, approve, pay and answer to lenders, and each of those becomes a delay event when it is slow.




THE DISCIPLINE

- A Project Director with authority to decide, not merely to escalate
- Commercial and contract capability in-house or contracted, not on call
- Engineering capable of interrogating assumptions, not just drawings
- Defined and accepted governance, risk management and delivery strategy
- Safety, environmental and quality assurance independent of the contractor

> *Sponsor-caused delay is the overrun nobody budgets for, and everybody eventually pays for.*

CONTROL 04

# Own the interfaces.

Overruns rarely originate inside a contract. They originate between contracts, between disciplines, and between the project and everything it must connect to. Nobody owns that space unless the Sponsor deliberately assigns it.

| | EPC WORKS | TRANSMISSION | OEM SUPPLY | HEAVY LIFT | GRID OPERATOR |
|---|---|---|---|---|---|
| EPC works | | 01 | 02 | 03 | 04 |
| Transmission | | | 05 | 06 | 07 |
| OEM supply | | | | 08 | 09 |
| Heavy lift | | | | | 10 |
| Grid operator | | | | | |

*each numbered cell is one interface example of various interfaces — named below*

## EXAMPLE CRITICAL INTERFACE REGISTER

01 Cable routing & interface management

02 Foundation design & tolerances

03 Heavy lift availability, access & readiness

04 Connection & commissioning readiness

05 Protection coordination & grid code

06 Transformer lead time & logistics

07 Energisation & outage management

08 Lift planning & weather constraints

09 SCADA integration & dispatch controls

10 Transmission access & constraints

*Each with a named owner and a date, reviewed on the same cycle as cost.*

*Source: Sentinel Advisory's interpretation of some example interfaces for illustration*

> *A contract manages what sits inside it. Someone has to manage what does not.*

CONTROL 05

# Resolve issues while they are still issues.

Almost every dispute I have observed was a manageable issue first, usually for months. It escalated because the people who could have resolved it were not looking, were not empowered, or had already stopped speaking to each other.


THE DISCIPLINE

- Early warning obligations used, not merely drafted
- Emerging change reviewed monthly, before it hardens into a variation
- An escalation route with named authorities and timeframes, set at award
- Records kept contemporaneously as a discipline, not later as a defence
- A senior relationship kept intact above the day-to-day friction

> *An issue costs management attention. A claim costs money. A dispute costs both, and the project as well.*

CONTROL 06

# Govern continuously. Assure independently.

Governance is not the monthly report. It is the standing capacity to know whether the reported position is true. A Sponsor who reviews only what the contractor presents is governing a version of the project.


## THE DISCIPLINE

- Schedule, cost, risk, quality, interfaces, commercial — one cycle
- Independent verification of physical progress at defined milestones
- Board reporting that names emerging risk, not only performance to date
- A live risk register with owners and consequences, not an artefact
- External review commissioned before the position deteriorates

> *Projects do not drift into success. They are governed there.*

WHAT TO TAKE AWAY

# Six things that decide the outcome.

01 **The overrun is decided in the first fortnight.**

No contract recovers a delivery strategy chosen badly.

02 **Certainty is cheapest before mobilisation.**

Uncertainty carried into construction is repriced at construction rates.

03 **Turnkey transfers work, not accountability.**

An under-resourced Sponsor becomes the delay event nobody budgeted for.

04 **Overruns start between contracts.**

Nobody owns the seams unless the Sponsor assigns them, by name.

05 **Almost every dispute was an issue first.**

Resolve it while the people involved are still speaking to each other.

06 **Projects do not drift into success.**

Governance is knowing whether the reported position is true.

SENTINEL ADVISORY

*Infrastructure & Energy · Matheson Croyston, Founder & Managing Director*

sentineladvisory.co
matheson@sentineladvisory.co