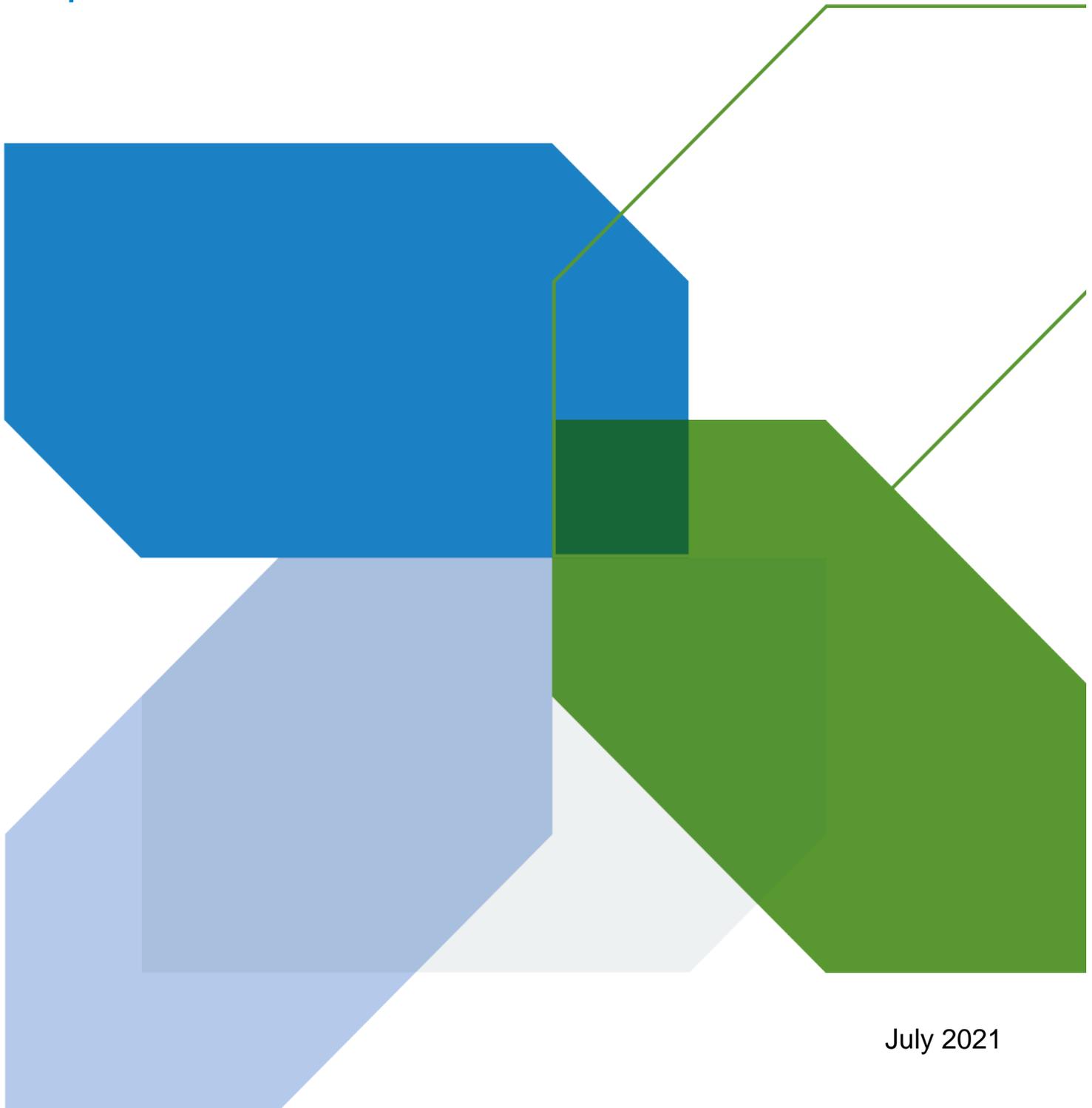




Department
for Transport

Highways England's Performance

Report to Parliament 2020-21



July 2021

Highways England's Performance: Report to Parliament 2020-21

Presented to Parliament pursuant to section 14 of the
Infrastructure Act 2015



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ISBN 978-1-5286-2812-9

CCS0721916544 07/21

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

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Foreword



I am pleased to put before Parliament this annual report on the performance of Highways England, the company responsible for England's motorways and major trunk roads.

2020-21 was the first year of the second Road Investment Strategy (RIS2), which was announced in March 2020 and is a £27.5 billion investment in England's strategic road network.

The first year of the RIS has of course been overshadowed by the coronavirus (COVID-19) pandemic. It has been an unprecedented year that has impacted every aspect of society. The transport sector is no different. While overall traffic has fallen on our road network due to travel restrictions, Highways England has responded well, adapting its working practices to ensure critical enhancements and maintenance works have continued, to deliver the long-term benefits of the RIS.

It has also maintained an open, functioning network that has supported key workers from NHS staff to delivery drivers, enabling them to do their job in helping to see the country through these challenging times. It also acted swiftly and cooperatively to support the Government's response to the crisis, for example through use of variable message signing to deliver important messages on travel restrictions.

Highways England maintained the pace of delivery last year, opening three new schemes for traffic and has made significant progress in delivering the smart motorway stocktake action plan. In the remainder of the RIS2 period, Highways England has to deliver some of the largest and most complex schemes it has undertaken. I believe it is in good shape to rise to these challenges.

A handwritten signature in black ink, appearing to read 'Grant Shapps', written in a cursive style.

Rt Hon Grant Shapps MP

Secretary of State for Transport

Executive summary

- 1 This is the annual Secretary of State report to Parliament on the performance of Highways England, pursuant to section 14 on the Infrastructure Act 2015, and covers the financial year from 1 April 2020 to 31 March 2021. It builds on advice from the Office of Rail and Road (ORR) in its role as Highways Monitor, Transport Focus in its role as road user watchdog and Highways England's own performance reporting.
- 2 The year 2020-21 marked the start of the second Road Investment Strategy (2020-2025). RIS2 will see a record £27.5 billion available for investment in England's strategic road network (SRN).
- 3 Highways England continues to perform well, adapting to the challenges of the COVID-19 pandemic and meeting its targeted Key Performance Indicators for the year. While some of these have been less challenging due to the lower traffic levels, as a result of the COVID-19 pandemic, the company overcame additional operational challenges resulting from social distancing rules to maintain high standards of performance and delivery.
- 4 Highways England has delivered all the start of works and open for traffic commitments that had been planned for 2020-21, with the exception of two schemes where construction start dates were, with the agreement of the Department, deferred to 2021-22 to take account of extended timescales for statutory planning approvals.
- 5 All RIS2 major scheme commitments remaining in the programme are on track to start construction by the end of the RIS2 period. A number of schemes are set to be delivered earlier than planned, while others have been subject to delays, including the two largest schemes, Lower Thames Crossing and A303 Amesbury to Berwick Down (Stonehenge).

1. Introduction

Purpose of Report

- 1.1 Highways England was appointed as a Strategic Highways Company by the then Secretary of State for Transport, by way of an Order made under section 1 of the Infrastructure Act 2015 ("the Act"). This report covers Highways England's performance for the year from 1 April 2020 to 31 March 2021 and reflects on the first year of RIS2, the second Road Investment Strategy.
- 1.2 Both the ORR's Annual Assessment of Highways England's Performance and Highways England's Annual Report and Accounts 2020-21 have been laid before Parliament and published. Highways England has also published a Delivery Plan Update, focussing on what the company will deliver in the 2021-22 financial year.
- 1.3 This report draws on these documents and other advice to highlight key points of Highways England's performance.

Context

- 1.4 As a Strategic Highways Company, Highways England was charged with delivering the Government's second Road Investment Strategy, a £27.5 billion investment programme to build upon the foundations made in RIS1, to create a road network that is safe, reliable and efficient for everyone, whilst reducing the impact of the network on the environment.
- 1.5 The Secretary of State issued no directions or guidelines during 2020-21.

Monitoring, Assurance and Oversight

- 1.6 In monitoring the performance of Highways England, the Secretary of State is advised by the ORR and Transport Focus. The ORR scrutinises and reports on the performance and efficiency of Highways England. Transport Focus has the role of a watchdog for road users; gathering views about their priorities for, and performance of, the strategic road network.

- 1.7 Highways England also provides regular information to the Department and the ORR to allow monitoring of performance and delivery including information on progress against individual projects, programmes and funds stated in the RIS.

2. Performance

Overview

- 2.1 Operational performance is measured by 12 Key Performance Indicators (KPIs). KPIs focus on activities or outcomes which are seen as the most important. Many of these are supported by Performance Indications that provide additional context to the KPIs.
- 2.2 Highways England has performed well against most of its KPIs, however the impact of the COVID-19 pandemic has shown us that KPIs cannot tell the full story of its performance. While reduced traffic levels, as a result of travel restrictions, has made some of the KPIs easier to achieve, the impact of restrictions on working practices has brought additional challenges that have had to be overcome. Highways England, like all companies, has had to adapt to the ever-changing environment to ensure it continues to provide a full service to its customers.
- 2.3 In 2020-21 Highways England met, or is expected to meet, four out of the five KPIs for which it has an in-year target. The exception to this was the KPI for road user satisfaction, which was paused at the start of the COVID-19 pandemic as survey work, carried out by face-to-face interviews, could not take place.
- 2.4 There are seven further KPIs that Highways England has targets or ambitions to achieve by the end of the road period in 2025, including providing fast and reliable journeys, being environmentally responsible and achieving efficient delivery. Performance against these has been promising in 2020-21 and will continue to be monitored and reported on throughout the road period.
- 2.5 The ORR's Annual Assessment of Highways England's Performance contains more detailed analysis and consideration of each KPI. Consequently, this report focuses on the key achievements and challenging areas from the past year.

Safety

- 2.6 The safety of road users and its workers is the first imperative for Highways England. RIS1 included a challenging target of a 40% reduction in people killed or seriously injured (KSIs) on the network by the end of 2020, when compared to the 2005-09 average baseline. Finalised road casualty statistics for 2020 will be released later this

year. It is expected Highways England will achieve the target, although reduced traffic levels on the network during the COVID-19 pandemic will have been a contributory factor in this. However, Highways England's work during RIS1 had already achieved a 34.1% reduction by the end of 2019, the most recent data available, so while there was still more to do, it was on track to achieve the 40% target.

- 2.7 RIS2 asks Highways England to go beyond the reductions seen in RIS1, by reducing KSIs further, to 50% of the baseline by the end of 2025. This forms part of the long-term ambition of 'Zero Harm', aiming to bring the number of people killed or seriously injured on the SRN to a level approaching zero by 2040.
- 2.8 2021 will be the first reporting year for this metric in RIS2, so no data is yet available, but the national lockdown at the start of the year will no doubt have an impact on baseline travel levels and subsequently the numbers of KSIs. It is important Highways England continues to work on delivering new safety interventions and mitigations to keep road casualties as low as possible as society opens up and the country moves out of the COVID-19 pandemic.
- 2.9 RIS2 includes a designated Safety and Congestion Fund to support smaller safety schemes across the country. In 2020-21 Highways England invested £33.6m on 80 such schemes, implementing a variety of measures from safety barriers to suicide prevention. Key to the success of this investment has been close working relationships between the company and police forces, local stakeholders, and organisations such as The Samaritans.
- 2.10 In March 2020 the Department published the results of its smart motorway stocktake alongside an action plan containing 18 actions designed to ensure smart motorways are as safe as possible. Over the past year, Highways England has delivered nine of these actions, including making emergency areas more visible and delivering ten new emergency areas on the M25. Highways England has recently published its smart motorways stocktake first year progress report¹ and is on schedule to complete the remaining actions before the end of the road period. It will also deliver further measures such as accelerating the installation of the Stopped Vehicle Detection technology on All Lane Running schemes currently in construction before the schemes are open to traffic.

Capital Delivery

- 2.11 RIS2 included 69 major capital enhancement schemes, with 28 already in construction and the remainder to begin construction by March 2025, the end of the RIS2 period. Since then, we have added an additional scheme; the A21 Safety Package, which had been in the development pipeline for potential delivery after 2025. This has been brought forward as a RIS2 commitment with construction starting in 2021-22 and opening for traffic in 2024-25.

¹ <https://highwaysengland.co.uk/media/bb4lpkcp/smart-motorways-stocktake-first-year-progress-report-2021.pdf>

- 2.12 We have, however, taken the decision to incorporate the A5 Dodwells to Longshoot scheme within the development work of the much bigger A5 Hinkley to Tamworth scheme, one of the pipeline schemes for consideration as part of RIS3. Subsequently, the A5 Dodwells to Longshoot scheme, which on its own would not represent value for money, has been removed from RIS2 as a commitment. Highways England will however, deliver the A5 Dordon to Atherstone scheme, funding for which comes from Housing Infrastructure Fund from the Ministry of Housing, Communities and Local Government. Construction is expected to start in 2025-26.
- 2.13 All other RIS2 schemes remain on track to start construction during the 2020-2025 road period, although there have been delays to a small number of schemes including the two largest schemes, A303 Amesbury to Berwick Down (Stonehenge) and the Lower Thames Crossing, on which a further consultation has just been launched, in advance of resubmitting the Development Consent Order application later this year. The consultation on the Lower Thames Crossing will give people the opportunity to review and comment on how Highways England proposes to reduce its impact on the local community and environment.
- 2.14 Highways England opened the £1.5 billion A14 Cambridge to Huntingdon scheme in May 2020, eight months ahead of schedule and started construction work on two schemes ahead of schedule (A19 Down Hill Lane and A31 Ringwood) in 2020-21. Highways England has been able to advance the open for traffic commitment dates for nine schemes in its Delivery Plan Update 2021-22 from the dates set in the original RIS2 Delivery Plan. It has also accelerated the delivery of the A66 Northern Trans-Pennine scheme as part of Project Speed. This scheme will start construction in 2023-24 and open for traffic in the third road period. An additional £146 million has been provided to Highways England for this, as announced in the 2020 Spending Review and this amount has therefore been added to the Statement of Funds Available (SOFA) for RIS2.
- 2.15 In 2020-21, Highways England continued to deliver against its major scheme commitments, despite the disruption caused by the COVID-19 pandemic. Construction work started on five schemes in 2020-21, including the two mentioned above. However, two 2020-21 start of works commitments (A303 Sparkford to Ilchester and M2 Junction 5) were deferred to 2021-22 with agreement of the Department, as the statutory consent processes for both schemes were extended beyond the expected timeframes. A combination of factors including those mentioned above required a reprofiling of funding within the RIS which was also agreed as part of the 2020 Spending Review.
- 2.16 Highways England opened a total of three schemes to traffic in 2020-21, including A14 Cambridge to Huntingdon. At the end of 2020-21 there were 28 major RIS schemes in construction on the network.
- 2.17 The net result of the above changes means that, as reported by the ORR in its Annual Assessment of Highways England's Performance, there is a 3% forecast headroom on capital spend across the remainder of the RIS2 period. We will work with Highways England to explore ways to bring the programme and budget back into balance.

2.18 Funding for RIS2 also included £936m of Designated Funds for schemes that sit outside the major enhancements, routine operation, and maintenance of the SRN. These fall under four themes: Environment and Wellbeing, Users and Communities, Innovation and Modernisation, and Safety and Congestion. The funds are managed directly by Highways England and are intended for small, localised schemes that make a big difference to the local community. In the past year it has invested £161.3m in over 500 projects through the programme.

Operational Performance

2.19 The COVID-19 pandemic and subsequent restrictions on travel resulted in large fluctuations in traffic on the SRN. Although freight traffic remained broadly consistent with previous years, overall traffic levels during 2020-21 were on average less than 70% of pre-pandemic levels. This had an impact on in-year statistics used to assess Highways England's performance, however having KPIs with multi-year targets or more challenging ambitions for the end of the road period incentivises the company to continue investing and innovating to meet its targets for future years of RIS2 as traffic levels stabilise.

2.20 Highways England maintained its road surfaces to a good standard in 2020-21. It reported 95.2% of its road surface did not require further investigation for possible maintenance upon inspection, just above its 95% target.

2.21 Other KPIs to provide fast and reliable journeys for road users were also achieved. Network availability was 98% against a target of 97.5% and 88.6% of incidents were cleared within one hour, above the 86% target. As promised in RIS2, the Network Availability metric and target is being replaced from 2021-22 by a new measure that will take into account reduced speeds, narrowed lanes and diversions as well as full lane closures.

2.22 Average delay was, at 6.7 seconds per vehicle mile, significantly lower than the baseline of 9.5 seconds per vehicle mile, however this was influenced by the reduced traffic levels.

The Environment

2.23 Delivering better environmental outcomes is fundamental to the success of the RIS. The importance of this is reflected in the RIS2 Performance Specification, which doubles the number of targeted environmental KPIs to four compared to RIS1, enabling greater understanding and better monitoring of its performance. Funding through the Environment and Wellbeing Designated Fund is ringfenced to support the company in delivering against these KPIs.

2.24 In RIS1, Highways England exceeded its target by mitigating over 1,150 noise important areas. In RIS2, the revised KPI asks it to mitigate 7,500 households that suffer from excessive noise levels, as defined by DEFRA, due to proximity to the SRN. It plans to achieve this over the five-year period through a combination of noise barriers, targeted resurfacing, and noise insulation for individual households where appropriate. Highways England has managed to mitigate 2,111 households during the first year of the RIS. The majority of these were achieved through resurfacing and

noise barriers as social distancing measures, particularly through the first national lockdown, restricted access to individual households.

- 2.25 For the first time, Highways England has been given a KPI to ensure there is no net loss of biodiversity across its network over the road period. A baseline of 130,848 biodiversity units at the start of the RIS has been calculated using Natural England's Biodiversity Metric 2.0. This is a methodology designed to assess changes in biodiverse habitat brought about by development or changes in land management. Although all schemes are designed to minimise impact on the environment, specific funding in the RIS has been provided to support a forward programme of environmental projects to help meet this objective across the portfolio. The baseline position has been validated in 2020-21 and will be reported against annually from 2021-22.
- 2.26 RIS2 instructs Highways England to investigate locations on its network where legal air quality limits may be exceeded and to identify measures to mitigate these as soon as possible. Investigations during 2020-21 found 31 links where legal limits for nitrogen dioxide have been exceeded. Of these, Highways England has mitigated five by lowering speed limits and is working on possible mitigations at a further 12 sites. As of the end of March 2021, 14 of the locations have been identified as having no feasible mitigation measures. The company and the government will continue to investigate potential measures to help achieve compliance in the shortest timescales possible.
- 2.27 A new KPI for RIS2 is for Highways England to reduce its own carbon emissions, such as that resulting from fuel use, electricity consumption and day-to-day operational activities. A baseline from 2017-18 has now been calculated at 88,147 tonnes of carbon. A stretch target of 75% reduction of the baseline by 2025 has been set, with an ambition of the company becoming net zero by 2030. Reporting against this metric will begin in 2021-22.

Customer Service and Satisfaction

- 2.28 The Strategic Road User Survey (SRUS) was developed during RIS1 by Transport Focus to provide a greater understanding of the satisfaction of road users when they use the SRN. An initial satisfaction score target of 82% was set for the first two years of the second road period. SRUS is carried out by door-to-door interviews, meaning it had to be suspended at the start of the COVID-19 pandemic.
- 2.29 Meeting the needs of all users is a key priority for Highways England. Without SRUS, the ORR and Transport Focus has had to take a more qualitative approach when assessing Highways England's performance in this area. This includes using the company's own on-line road user survey, Highview, where the performance score for 'overall journey experience' of 'very good' or 'fairly good' was rated around 80% across the year. While not directly comparable with SRUS, this did allow the ORR to assess that Highways England has maintained overall journey experience for road users and made progress to improve user satisfaction.
- 2.30 While the SRUS survey and target remains suspended, we will work with Highways England to re-establish an appropriate performance measure and target.

2.31 Another new KPI for RIS2 is on Roadwork Information, which requires Highways England to improve the accuracy of roadwork closure information at least seven days in advance, with a target of 90% accuracy by the end of the road period in 2025. This reflects the importance to road users, particularly the freight and logistics sectors, who need to be able to plan ahead of potential disruption. Performance against this metric steadily increased through 2020-21, with an average of 54.5% across the year. While good progress has been shown so far, continued progress is needed to achieve the 90% end of RIS2 target.

Efficiency

2.32 One of the key objectives of the RIS is to realise efficiencies through mass investment. Having delivered efficiencies of £1.4 billion in RIS1, more than its target of £1.2 billion, we will push Highways England to continue to make efficiencies during RIS2 to help maximise value for money for the taxpayer. For RIS2, Highways England has been asked to demonstrate efficiencies on operating and capital expenditure of at least £2.23 billion for the road period. This increase is in line with the additional funding for RIS2 compared to RIS1.

2.33 Highways England has reported it has met its internal efficiency milestone for 2020-21 and is on course to meet the KPI target at the end of the RIS. There remains more work needed by the company to improve some of the evidence on the achieved efficiencies, especially in future years where an expanded programme should lead to further efficiency gains.

3. The Company

Corporate Governance Framework

- 3.1 Highways England underwent significant transformation during RIS1 to meet Government ambitions for delivery. It is now a well-established organisation but has continued its transformation journey in 2020-21 to deliver on the even greater ambitions of RIS2.
- 3.2 The Secretary of State for Transport appointed a new Non-Executive Chair, Dipesh Shah, from 1 September 2020 following the departure of Colin Matthews on 30 April 2020. Colin had led the organisation since 2014, from its initial establishment as a government-owned company and through a period of significant change. Roger Lowe, the Senior Non-Executive Director, was appointed as Interim Chair by the Secretary of State from 22 June to 31 August 2020, to lead the Board in the intervening period.
- 3.3 Jim O'Sullivan stepped down as Chief Executive on 31 January 2021, having led Highways England through RIS1 and the early months of RIS2. The Highways England Chair appointed Nick Harris, the company's Executive Director of Operations, as Acting Chief Executive from 1 February 2021. An open recruitment to appoint a permanent successor is now concluding.
- 3.4 The Board had an even gender balance of 4:4 during 2020-21. The Board remains focussed on opportunities to increase diversity in senior appointments. The Highways England Board continues to function effectively under the leadership of the new Chair, with a commitment to ongoing improvement.
- 3.5 Every third year, in line with best practice, the Board undertakes an externally-led Board Effectiveness Review. Such a review was undertaken in 2020-21, with the findings noting that the operation of the company meets the overall requirements of the UK Corporate Governance Code 2018. The review recognised that, with the appointment of a new Chair and Chief Executive, there is an opportunity to further develop the operation of the Board, and made a number of recommendations, including:
 - Streamlining Board processes

- Reducing duplication of business in committees
- Investing time in building relationships with the Board and building relationships between individual Non-Executive Directors and Executive members

The implementation of these recommendations will be taken forward in the coming year.

Organisational Capability and Capacity

- 3.6 The company continued to develop its internal organisational plan, Highways England 2025 (HE2025), over the course of the year. The plan aims to develop an agile workforce that can adapt to meet the organisation's current and future needs, create integrated ways of working, and build capability and maturity in its core functions. The plan will enable effective delivery of Highways England's Strategic Business Plan 2020-25 and prepare the organisation for RIS3.
- 3.7 HE2025 is underpinned by a number of strategies, including Highways England's People Strategy, which was updated and launched in 2020-21. The strategy aims to ensure the company has the right skills and capabilities it needs for today and the future, and that its people can reach their potential. It focusses on ensuring Highways England can attract, develop, reward, and recognise its people for the contribution they make.
- 3.8 Highways England responded quickly to consider the needs of its staff at the beginning of the COVID-19 pandemic, providing equipment, training and guidance to help with remote working. The company has taken a flexible approach to help its people cope with health concerns and caring responsibilities, implementing various ways of supporting staff wellbeing, who were working hard to keep the country moving.

4. The Future

Preparing for RIS3

- 4.1 In 2021, the Department starts work to develop the third Road Investment Strategy (RIS3), which will set Highways England's objectives and funding for the period from 1 April 2025 to 31 March 2030 and build on the progress made in the first and second RIS periods.
- 4.2 RIS3 decision making will be underpinned by an evidence base that will be updated over the next couple of years. In particular, we want to understand people's priorities for the SRN over the RIS3 period and beyond, recognising that people, both road users and neighbours of the network, will have a wide variety of views depending on how they use or relate to it. Greater detail on the Department's process for developing RIS3, and the issues and objectives its evidence gathering will seek to address, will be published in the near future.
- 4.3 Highways England has a central role to play in this evidence-gathering process. Summer 2021 sets in motion Highways England's formal engagement on developing the next round of its Route Strategies². Route Strategies, which assess the current performance and future pressures on every part of the SRN, are one of the principal elements that inform the Government's decisions for RIS3. As part of this work, Highways England will be engaging with all interested parties, including Parliamentarians, Metro Mayors, Local Authorities, the ORR, Transport Focus, Sub-national Transport Bodies, as well as road users and local communities.
- 4.4 In addition, Highways England's work on the strategic studies commissioned by RIS2 (a study of the connections between the M4 and Dorset coast, and the role of the SRN in urban areas) will generate useful evidence about how the network can work better in key locations around the country in partnership with local transport networks. Continuing work to develop the schemes listed in RIS2 as part of the RIS3 Pipeline will enable informed decision-making about which should be funded for construction as part of the RIS3 Investment Plan.

² For more information, see Highways England's website and brochure at <https://highwaysengland.co.uk/our-work/our-route-strategies/>

Project Speed

- 4.5 Following the Government's establishment of the 'Project Speed' taskforce in summer 2020, the aim of which was to cut the time it takes to develop, design and deliver major infrastructure projects, the Department and Highways England continue to work together to seek to bring principles of project acceleration to more road schemes. This follows a successful pilot on the A66 Northern Trans-Pennine improvement project, where the construction time has been cut in half, from ten years to five.
- 4.6 Regular engagement with partners across government continues to ensure the monitoring of lessons learned from the accelerated A66 project, as the Department and Highways England look to embed these into 'business as usual' practice for future road schemes within both scheme development and construction stages.

Annex: Summary of changes to the RIS

This table summarises the sections of this report that describe agreed changes to the RIS.

Category	Change	Paragraph reference
Schemes	Addition of A21 Safety Package	2.11
	Removal of A5 Dodwells to Longshoot	2.12
	Addition of A5 Dordon to Atherstone as third party funded scheme	2.12
Funding	Addition of £146 million to the SOFA for A66 acceleration	2.14
	Reprofiling of the RIS Statement of Funds Available (SOFA)	2.15
Key Performance Indicators	New metric and target for Network Availability	2.21
	Setting the baseline for Biodiversity metric	2.25
	Setting the baseline and target for Highways England carbon emissions metric	2.27
	Suspension of SRUS and Road User Satisfaction target	2.28

CCS0721916544
978-1-5286-2812-9