



Department
for Transport

National Highways' Performance

Report to Parliament 2022/23

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

Department for Transport
Great Minster House
33 Horseferry Road
London
SW1P 4DR



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Foreword



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

This report focuses on the performance of National Highways in 2022/23, the third year of the second Road Investment Strategy (RIS2) (2020-2025), a £24 billion investment in England's strategic road network (SRN).

Road users of the network right across the country are now benefitting from nine schemes that completed construction and opened to traffic during 2022/23. From the A1 Scotswood to north Brunton, near Newcastle, to the M4 Junctions 3-12, these schemes are now addressing congestion for local and long-distance users alike, while contributing to growing the economy of the country.

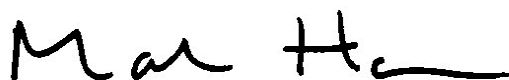
Infrastructure delivery is not immune from the economic challenges the country is facing as a result of the conflict in Ukraine and other factors, which is putting pressure on the public purse. As I explained in my Written Ministerial Statement¹ on 9 March 2023 these headwinds, particularly inflation, mean we will get less for our

1 <https://questions-statements.parliament.uk/written-statements/detail/2023-03-09/hcws625>

money and its therefore crucial we continue to look at what we are doing, ensuring it is affordable and offers value for money for the taxpayer. As part of this, two RIS2 schemes were deferred to start during RIS3 (2025-2030), and the Lower Thames Crossing will see its construction rephased.

Despite these challenges, National Highways continues to deliver. Construction started on four schemes during this year, including the A417 Missing Link, our biggest project to start on the SRN for six years, which will improve traffic flow over the notorious Air Balloon roundabout.

On smart motorways, we have now cancelled plans for new smart motorways, recognising the lack of confidence felt by drivers and cost pressures. We will continue to invest £900 million in safety improvements on existing smart motorways, including adding an additional 150 emergency areas across the network.



Rt Hon Mark Harper MP
Secretary of State for Transport

Executive Summary

1. This is the annual Secretary of State report to Parliament on the performance of National Highways, pursuant to section 14 of the Infrastructure Act 2015, and covers the financial year from 1 April 2022 to 31 March 2023. 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 National Highways' own performance reporting.
2. The year 2022/23 marked the third year of the second road period (2020-2025) delivering the second Road Investment Strategy (RIS2), a £24 billion investment in England's strategic road network (SRN).
3. Capital delivery is also progressing. Construction started on four schemes while nine schemes were completed and opened to traffic. There were a number of changes to commitments during 2022/23 as a result of factors outside of National Highways' control, such as statutory planning delays, but it also missed four of its in-year commitments due to factors within its control.
4. National Highways has performed well delivering and operating a well maintained network for road users over the past year and is working hard to overcome challenges in meeting some of its Key Performance Indicator (KPI) targets for the end of the road period.

5. In January 2023, the Chair of National Highways informed the Secretary of State that he would be leaving the role at the end of his first term, which has been extended to December 2023. The Department is working to recruit a suitable replacement.

6. The Secretary of State appointed two new non-executive directors, Diego Oliva and Simon Blanchflower, to the Board in July 2022 and March 2023 respectively. The Board had a gender split of five men and four women as of 31 March 2023 and remains committed to identifying opportunities to increase diversity in senior appointments.

1. Introduction

Purpose of the Report

- 1.1 National Highways 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. This report covers National Highways' performance for the year from 1 April 2022 to 31 March 2023, the third year of the second Road Investment Strategy (RIS2, 2020-2025).
- 1.2 Both ORR's Annual Assessment of National Highways Performance April 2022 to March 2023 and National Highways' Annual Report and Accounts 2023 have been laid before Parliament and published. National Highways has also published its Delivery Plan Update 2023/24, focussing on what the company will deliver in the 2023/24 financial year.
- 1.3 This report draws on these documents and other advice to highlight key points of National Highways' performance and delivery over the past year.

Context

- 1.4 As a Strategic Highways Company, National Highways is charged with delivering the Government's second Road Investment Strategy,

RIS2, a £24 billion investment programme to ensure the SRN is safe, reliable and efficient for everyone, whilst reducing its impact on the environment.

- 1.5 The Secretary of State issued no statutory directions or guidance during 2022/23.

Monitoring, Assurance and Oversight

- 1.6 Management and effective oversight of the RIS portfolio is supported by an established governance framework with underpinning structures and processes.
- 1.7 For independent monitoring of National Highways, the Secretary of State is advised by ORR which scrutinises and reports on the performance and efficiency of National Highways. ORR has powers to hold National Highways to account, investigate and fine it for failure to deliver the RIS or to act in accordance with its licence.
- 1.8 Transport Focus, as the road user watchdog, gathers stakeholder views on the performance of, and their priorities for the strategic road network.
- 1.9 National Highways also provides regular information to the Department and ORR to allow monitoring of performance and delivery. This includes progress against individual projects,

programmes and funds stated in the RIS, as well as its targeted KPIs and other performance indicators and commitments set out within the RIS2 Performance Specification.

- 1.10 The Department's role as client includes overseeing progress and performance of delivery of the RIS and working with National Highways to identify and manage risks at a portfolio level, supporting the company to take mitigation action where necessary.
- 1.11 Tier 1 enhancement schemes, those over £500 million, or identified as novel or contentious, are subject to additional scrutiny by HM Treasury and the Infrastructure and Projects Authority (IPA).

2. Capital Delivery

Major Enhancements

- 2.1 National Highways started construction on four schemes during 2022/23, two of which started ahead of schedule. However, due to planning delays and legal challenges outside of its control, work has not yet begun on eight schemes that it was committed to start during the year. Additionally, it missed its start of works commitment on the M54 to M6 link road. Revised work schedules for these schemes are being agreed through the Department's formal Change Control process.
- 2.2 National Highways had commitments to complete and open 12 schemes for traffic during 2022/23. It met nine of these, including the M4 Junction 3-12. The company missed its commitments on three schemes due to commercial and supply chain issues. ORR is liaising with National Highways to understand the actions the company is taking to ensure lessons learnt are embedded into the business.
- 2.3 At the end of March 2023, of the major enhancements set out in RIS2;
- i. 19 schemes have been completed and are now open to traffic,

- ii. 18 schemes are currently in construction,
- iii. 22 schemes are still in various stages of development, 18 of which are due to start construction before the end of RIS2, and,
- iv. 11 smart motorway schemes have now been cancelled.

2.4 In the Written Ministerial Statement² (WMS) of 9 March, the A27 Arundel and A5036 Princess Way schemes were deferred to start construction in RIS3 due to challenges including environmental considerations and ongoing scope and design changes. This is in addition to A46 Newark bypass, which had previously been deferred. The WMS also announced that to help meet inflationary pressures, the Lower Thames Crossing is to have its construction rephased by two years. This allows more time to take account of stakeholder views and ensure there is an effective and deliverable plan for the largest infrastructure project in the RIS.

2.5 The Development Consent Order (DCO) decisions for four schemes were subject to legal challenge, which have now all been dismissed. However, in all of these cases this has prevented the schemes from meeting their planned public commitment to start construction in 2022/23. Legal challenges,

2 <https://questions-statements.parliament.uk/written-statements/detail/2023-03-09/hcws625>

even if unsuccessful, can delay a scheme by at least 12 months. Four schemes are currently going through the DCO process, with a further three awaiting DCO redetermination or decision. There is one scheme that is still under legal challenge.

- 2.6 Extended delays can also increase the risk of cost pressures, this is particularly pertinent during the current period of sustained high inflation impacting the UK economy. The construction sector is not immune to these pressures and the Department has been working with National Highways to manage inflation pressure across the RIS2 portfolio. The WMS outlined some of the changes to the portfolio which were necessary to help mitigate the inflationary impact, but whilst inflation continues to remain high, the risk of further cost increase remains significant and a future challenge to delivery.

Smart Motorways

- 2.7 In April 2023, the Government announced that all plans for new smart motorways have been cancelled, recognising the lack of confidence felt by drivers and cost pressures. This resulted in the 11 schemes previously paused in RIS2 and the three earmarked for construction during RIS3 being removed from the Government's road building plans.

- 2.8 We take the public's concerns about smart motorways seriously. Whilst National Highways Stocktake Report continues to show that overall, in terms of serious or fatal casualties, smart motorways are the safest roads on the SRN, we recognise that we need to do more to build public confidence.
- 2.9 We are continuing to invest £900 million in RIS2 on safety improvements on existing smart motorways. This includes adding an additional 150 emergency areas across the network and giving motorists clear advice when using smart motorways to boost public confidence. We are also continuing to deliver against other commitments as set out in January 2022 in the Government's response to the Transport Select Committee's report on the Rollout and Safety of Smart Motorways.

Designated Funds

- 2.10 Designated Funds is a £958 million commitment within RIS2 to address small scale opportunities and issues that go beyond National Highways core activities, but are of particular importance to users, neighbours and the environment surrounding the SRN. They are also used to support improvements measured by the KPI targets. The fund is divided into four themes:

- i. Environment and Wellbeing,

- ii. Safety and Congestion,
- iii. Users and Communities, and,
- iv. Innovation and Modernisation.

2.11 National Highways invested £148 million on over 600 projects across these funds during 2022/23, from noise insulation on properties neighbouring the SRN, to trials aimed at treating road spillages more effectively, enabling roads to re-open quicker.

Renewals

2.12 The SRN is a piece of critical national infrastructure that connects the country, driving the economy by supporting the movement of people and goods. National Highways has a legal duty to maintain the SRN, so it can safely and reliably continue to support the economy.

2.13 Capital renewals is the upgrading or replacement of assets such as bridge structures and road surfacing as they reach the end of their optimum economic life. Last year ORR raised concerns that National Highways' capital renewals reporting was unable to provide them with evidence to support its approach to ascertain whether renewals work was based on asset need at the right time. ORR challenged the company to demonstrate the alignment between its policy and what is delivered. In response, National Highways has worked constructively with ORR

to successfully develop its asset management reporting capabilities throughout the year and should continue to further develop the maturity of its reporting to enable the delivery of its renewals programme to be held to account going forward.

3. Performance

Overview

- 3.1 RIS2 contains 12 Key Performance Indicators (KPIs) that have a mix of in-year and end of road period targets. There is also a suite of supporting Performance Indicators (PIs) that sit beneath the KPIs that are also reported and monitored, although not targeted.
- 3.2 National Highways continues to make progress in delivering against its KPIs, meeting all in-year targets it had for 2022/23, such as incident clearance and pavement condition. Performance against some KPIs with an end of RIS target, such as Roadworks Information Notification, is proving more challenging. National Highways has been working closely with ORR to share its plans to mitigate risks and ramp-up performance over the last two years of the road period to meet its performance targets.

Safety

- 3.3 Safety on our roads remains an absolute priority and we will continue to ensure that our roads remain among the safest in the world – helping drivers not just to be safe, but crucially, to feel safe and confident when driving. National Highways'

safety performance is measured through the number of people Killed or Seriously Injured (KSI) on the SRN. Data is published for each calendar year as part of wider road safety statistics. The latest available data is for 2021 and showed a 42.1% reduction on the 2005-2009 baseline, meaning National Highways is currently on course to meet its target of a 50% reduction in KSIs by 2025.

- 3.4 ORR published its First Annual Assessment of safety performance on the strategic road network³ in December 2022, providing further analysis on National Highways' safety performance including the effectiveness of safety systems on smart motorways and evaluating the success of the Smart Motorway Safety Evidence Stocktake and Action Plan and smart motorways technology.
- 3.5 The report recognised National Highways appears to be on course to meet its overall RIS2 safety target and had successfully rolled out Stopped Vehicle Detection (SVD) technology on every all lane running (ALR) smart motorway by September 2022, six months ahead of its target. However, the report highlighted the system was not yet meeting the requirements set by National Highways.

3 <https://www.orr.gov.uk/monitoring-and-regulation/roads-monitoring/annual-assessment-safety-performance-strategic-road-network>

- 3.6 Having confidence in technology on our motorways is important. Following ORR's safety report, National Highways committed to improving the performance of SVD technology by the end of June 2023 and has now rolled out upgrades across the ALR network. National Highways also committed to an investment of £105 million by March 2025 to build further resilience into the operational technology to make journeys even safer and more reliable.
- 3.7 A further key commitment from the March 2020 Smart Motorways Stocktake and Action Plan, to reduce the average Traffic Officer attendance time on ALR smart motorways from 17 minutes to 10 minutes, has been delivered. This target applied to ALR smart motorways where the spacing between places to stop in an emergency is more than one mile. National Highways achieved this target in September 2022 and maintained this performance for the remainder of the year.
- 3.8 ORR will provide a further update on National Highways' safety performance when it publishes its next assessment, expected in December 2023.

Operational Performance

- 3.9 The extreme heat the country experienced in July 2022 is believed to have contributed to an increased rate in the deterioration of pavement

condition. National Highways was able to adjust its renewals programme and its approach to data processing to address this issue and managed to meet its pavement condition KPI, achieving its in-year target of 96.2%. With extreme weather events predicted to become more common, maintaining the road surface will be a continuing challenge for the company in the coming years.

3.10 The SRN plays a vital role in supporting the economy, therefore enabling fast and reliable journeys is key. There are three KPIs to measure National Highways performance in this area. The KPI for Average Delay has an ambition to see delay on the network no worse at the end of RIS2 than it was at the end of RIS1 (9.5 seconds per vehicle per mile). Delay reduced substantially over the first two years of RIS2 mainly driven by decreased traffic levels following the COVID-19 pandemic. As traffic has returned, average delay has increased and was recorded at 9.5 seconds per vehicle per mile in 2022/23. National Highways sets out a number of actions in its Managing delay on the strategic road network⁴ publication and ORR will scrutinise progress against these to ensure the company is doing all it can to minimise further increases in average delay.

4 <https://nationalhighways.co.uk/media/wdopybqy/managing-delay-on-the-strategic-road-network.pdf>

3.11 National Highways met its two other KPI targets for providing fast and reliable journeys. It achieved 87.2% for clearing incidents on the motorway within one hour, against the target of 86%. It also met the in-year 2022/23 target for measuring the impact of roadworks on the network by achieving an average of 42.3 million weighted lane metre days over the year, against a target of 47 million.

The Environment

3.12 Roads, vehicles, and construction have a significant impact on the environment, with over a quarter of greenhouse gas emissions coming from road transport. Therefore, National Highways plays a crucial role in taking action to minimise and mitigate these impacts.

3.13 The company is on the front foot in addressing these challenges, and recently published its Environmental Sustainability Strategy⁵. This sets out its vision for environmental sustainability, its long-term strategic outcomes for nature, carbon and communities, and an outline for how it will deliver against these priority areas.

3.14 In the short-term, there are four challenging environmental KPIs within RIS2. The biodiversity KPI sets a target of no net loss in biodiversity on

5 <https://nationalhighways.co.uk/our-work/environment/environmental-sustainability-strategy/>

National Highways' estate over the course of RIS2. Last year, National Highways was forecasting a loss in biodiversity by the end of RIS2. Following robust challenge and increased engagement with ORR, the company produced a biodiversity delivery plan in September 2022 to address this and ORR is now reporting that National Highways is forecasting to meet this KPI.

- 3.15 The corporate carbon KPI challenges National Highways to significantly reduce its carbon emissions from its own day-to-day corporate activities, from its own vehicle emissions to streetlights. RIS2 originally set a target of 75% reduction in carbon emissions by 2025, based on a 2017/18 baseline. The carbon intensity of electricity generated by the National Grid is higher than originally modelled at the start of the road period. Therefore, the Department has agreed to adjust the target to 67% against the baseline, reflecting that this is outside of National Highways' control. This does not make the target easier to achieve and National Highways will still need to reduce overall electricity use by the same amount (22%) to meet the target.
- 3.16 In 2022/23, National Highways emitted 44,809 tonnes of carbon dioxide, representing a 50% reduction from 2017/18. It will need to continue delivering its programme of initiatives such as new hybrid operational vehicles and the installation

of LED street lighting to make further progress towards the end of RIS2 target.

- 3.17 There is a KPI for National Highways to bring all links exceeding air quality limits on its network to within legal levels. Following consideration of all potential measures, DfT wrote to the company in September 2021 accepting that 15 links currently have no viable additional mitigations. National Highways is implementing air quality improvement measures for the remaining 28 links and will report progress on these later this year.
- 3.18 To date National Highways has delivered noise mitigations in RIS2, benefitting 4,163 households, including 985 that were mitigated in 2022/23. This represents progress of 56% towards its target of 7,500 by the end of 2024/25.

Customer Service and Satisfaction

- 3.19 Meeting the needs of all users of the SRN, and those who work on, live by, or are otherwise impacted by it, is a priority for National Highways. User Satisfaction is measured through the Strategic Road User Survey (SRUS) which is carried out by Transport Focus, the road user watchdog.
- 3.20 The impact of the COVID-19 Pandemic meant the SRUS was suspended as face-to-face interviews were not compliant with social distancing rules. The decision was taken to move to an online survey,

which has now been developed, tested and rolled out. This change in methodology means User Satisfaction scores are not comparable between the two methods.

- 3.21 The change in methodology also meant a target could not be set for the SRUS KPI in 2022/23 as a stable dataset did not exist to enable baselining. There is now confidence in the data that has been collected since April 2022, meaning the Department, in agreement with ORR and Transport Focus has set a target for National Highways to achieve 73% overall satisfaction in 2023/24.
- 3.22 In the absence of an SRUS target in 2022/23, ORR has used other sources to measure customer satisfaction, including HighView (National Highways' own customer survey), how the company has performed in delivering its 2022 Customer Service Plan and evidence from SRUS and other Transport Focus surveys. Using this evidence, ORR concluded that National Highways has maintained a comparable level of customer service to recent years. It delivered 49 out of the 51 initiatives set out in its 2022 Customer Service Plan, with the remaining two rescheduled to be delivered at a later date.
- 3.23 National Highways also has a KPI for roadwork timeliness and accuracy, targeting that by the end of RP2, 90% of roadworks involving overnight

closures are accurately notified at least seven days in advance. Progress has been made from 41.6% pre-RIS2 to 70.0% at the end of 2022/23, however performance improvement has levelled off with only a 1.9% increase in the last 12 months. This leaves the company with a challenging task to raise performance over the last two years of the road period. ORR is working with the company to understand the reasons for late notice roadwork cancellations, its plans to address these and how it will share best practice across its regions to meet the target.

Efficiency

- 3.24 The opportunity to achieve efficient delivery is one of the key benefits of the RIS, and National Highways' performance in realising efficiencies is one of the KPIs it is held to account against, with a target to deliver £2.11 billion of efficiencies during the road period (2020-2025).
- 3.25 ORR assesses that National Highways has continued to deliver more efficiency during 2022/23 and is reporting a cumulative total of £848m of efficiencies through the first three years of RIS2. This is £72m above its own internal milestone for this stage. this value includes an adjustment agreed with ORR to reflect the inflationary pressures faced by enhancement and non-road capex schemes in the first three years of the road period.

3.26 National Highways is on target to meet its efficiency KPI for RIS2 and is currently forecasting efficiencies of £2.22 billion across the road period. However, with a more back-end loaded programme of work, the impact of future inflation and any further delays to construction of major enhancements pose a risk to meeting its efficiency target. ORR will work closely with the company to ensure these risks are recognised and plans to mitigate them are in place.

4. Future RIS

RIS3

- 4.1 In 2021, the Department started work to develop the third Road Investment Strategy (RIS3) which will set out National Highways' objectives and funding for the third road period from 1 April 2025 to 31 March 2030, building upon progress made in the first two road periods.
- 4.2 RIS3 decision making is underpinned by an evidence base that is continuously updated. During last year, National Highways developed its route strategies, Connecting the Country report and SRN Initial Report Document, which were published in May 2023. At the same time the Department for Transport has published its consultation on the SRN Initial Report. These set out the programme's initial policy direction throughout the RIS3 setting process and inform the contents of the draft RIS, which we aim to publish later this year, which will be followed by ORR's efficiency review. The insights gained from the consultation, in addition to our regular engagement with Transport Focus, sub-national transport bodies and other stakeholders, will ensure we understand customer and stakeholder priorities for the SRN over RIS3 and beyond.

- 4.3 National Highways plays a central role in this evidence-gathering process. Over the past year, we have continued to improve and refine our governance arrangements across the four organisations (Department for Transport, ORR, National Highways and Transport Focus). National Highways supports this work by providing analytical input into the first version of the RIS3 business case and jointly developing the RIS3 financial position.
- 4.4 In addition, we have continued to work collaboratively with National Highways to develop the RIS3 investment plan. As set out in the Written Ministerial Statement published on 9 March 2023, schemes earmarked for RIS3, with the exception of three smart motorway schemes, will continue to be developed, in line with the statutory process, but for consideration for inclusion during RIS4 (beyond 2030). Given many of these schemes were previously expected towards the end of RIS3, this extra time will help ensure better planned and efficient schemes that can be deployed more effectively.

Annex A: Changes to the RIS

A.1 Changes to Major Enhancements

Scheme	Comment	Existing Commitment	New Commitment
A47 Great Yarmouth	Scheme has been removed from the RIS and replaced with A47 Great Yarmouth Harfreys Junction and A47 Great Yarmouth Vauxhall Junction	Start of Works: 2023/24 Q4 Open for Traffic: 2024/25	N/A
A47 Great Yarmouth Harfreys Junction	Previously part of A47 Great Yarmouth scheme that has been split in two.	N/A	Start of Works 2022/23 Q4 Open for Traffic: 2023/24 Q3
A47 Great Yarmouth Vauxhall Junction	Previously part of A47 Great Yarmouth scheme that has been split in two.	N/A	Start of Works: RP3 Open for Traffic: RP3
RIS3 Pipeline schemes	Pipeline schemes delayed as set out in the WMS.	For consideration in RIS3	For consideration in RIS4

A.2 Changes to Performance Metric targets and development.

Metric	Change	Reason
User Satisfaction (Existing KPI)	To set a target of 73.0% overall satisfaction via SRUS for the User Satisfaction KPI for 2023/24. There was no previous target for 2023/24 in the RIS.	This target was suspended for 3 years because of COVID-19 and development of a new methodology that has now been completed, rolled out and compiled enough data to enable the setting of a target for 2023/24.

Metric	Change	Reason
Corporate Carbon (Existing KPI)	To change the target for Corporate Carbon to a reduction of 67% of the 2017/18 baseline, by the end of 2024/25. This is a change from the original target of 75%.	The UK Power Grid is decarbonising at a slower rate than forecast at the beginning of RIS2, which is out of National Highways' control. The target is therefore adjusted to account for this, but still requires National Highways to reduce its electricity consumption by the same amount as previously in order to meet the target.
Delays on the LRN / SRN boundary (PI in development)	Development on this metric has been ceased.	Development through the concept and feasibility stages identified any potential metric would have been too complex and provide limited value.
Ride Quality (Existing PI)	A new measure for the Ride Quality Performance Indicator to be introduced and reported on from 2023/24.	RIS2 included a commitment for National Highways to develop an improved Ride Quality metric that better reflects road users' experience of the network.

A.3 Changes to RIS2 funding

Funding Change	£100m switch from CDEL to RDEL in 2023/24
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