Road Investment Strategy:
Performance Specification

Road Investment Strategy: Performance Specification

Contents

Executive summary

Roads are fundamental to modern life, keeping people connected and the economy flowing. Roads are also the backbone of our transport system: 90% of passenger journeys and almost 70% of freight movements are made by road, many of which are on the motorways and all-purpose trunk roads that make up the Strategic Road Network (the Network).

This Performance Specification, part of the Road Investment Strategy suite of documents, sets out what government wants from the Highways Agency's successor, the Strategic Highways Company (the Company) over the course of the 2015/16 – 2019/20 Road Period (the first Road Period). This is a step towards achieving our long term Strategic Vision for the Network. The Performance Specification is focused on the needs of road users and the country as a whole, and sets targets that we consider to be challenging, yet achievable.

In order to assess performance we have set a number of Key Performance Indicators. As well as these Key Performance Indicators, the Performance Specification has established a framework that requires the Company to provide Performance Indicators which give a more detailed view of the performance of the Company and the SRN. We have also outlined requirements of the Company and, over the course of this first Road Period we require the Company to improve existing measures and develop new ones for future Road Periods.

Overall, we require the Company to focus its efforts on eight areas during the first Road Period, and work to be:

- **Making the Network safer** by continuing to reduce the number of people killed or seriously injured on the Network. The target of a 40% reduction against the 2005–09 average baseline by the end of 2020 is a stretching one; the Company will need to work proactively to find innovative ways to improve safety.

- **Improving user satisfaction** so that, by 31 March 2017, 90% of people responding to the National Road Users' Satisfaction Survey (NRUSS) are fairly or very satisfied – a score which should be maintained or improved during the rest of the first Road Period. The Company will be undertaking a significant programme of maintenance and enhancement, and we know that satisfaction with the management of roadworks is a major issue for road users, so this will be a challenging target. Transport Focus (the newly established road user Watchdog) will develop new satisfaction measures to replace NRUSS during the first Road Period.

- **Supporting the smooth flow of traffic** to minimise delay and inconvenience to road users. We want the Company to show what it is doing to reduce disruption caused by planned activities

and unplanned incidents, including:

– Addressing the impact of planned activities; we require the Company to ensure that, during the first Road Period, at least 97% of the Network is available to traffic. While this figure is lower than the Highways Agency is currently achieving, the target reflects the impact that the Investment Plan, which includes maintenance activities, will have on availability; and

– Ensuring that at least 85% of incidents on motorways are cleared within one hour to minimise the impact of unplanned incidents.

● **Encouraging economic growth** by working to minimise delay on the Network. A well-managed Network is vital to economic prosperity, supporting the movement of goods and people, and helping to unlock development and housing sites. To reflect this, the Company will report on average delay, providing an indication of the drag on the economy that congestion on the Network is causing.

● **Delivering better environmental outcomes** by building on the progress that has already been made. There is currently no single indicator that can capture this and we want the Company to develop new, broader environmental metrics for the next Road Period. In the meantime, the Company will demonstrate the progress it is making to improve the environment by:

– Mitigating at least 1,150 Noise Important Areas by the end of the first Road Period, to help improve the quality of life of around 250,000 people living and working near the Network; and

– Demonstrating its commitment to the environment by working to halt the loss of biodiversity, with the aim that activity in the next Road Period delivers no net loss of biodiversity.

● **Helping cyclists, walkers, and other vulnerable users of the Network**, supporting a key government aim of enabling people to be more active by walking or cycling. We recognise that the Network can act as a barrier to achieving that aim which is why we want the Company to report on the number of new and upgraded crossings it delivers during the first Road Period.

● **Achieving real efficiency** by delivering total capital savings of at least £1.212 billion by the end of the first Road Period. Moving to a system which provides more funding certainty will allow the Company to deliver greater efficiencies. We require the Company to show how it has delivered savings and that it is delivering the Investment Plan in a timely manner.

● **Keeping the Network in good condition** by ensuring that at least 95% of the pavement does not require further investigation for possible maintenance. The Network is the single largest asset owned by government, and during the first Road Period the Company will be developing improved asset condition metrics for the Network. This will provide a step change towards a more rigorous assessment of the condition of the Network in future Road Periods.

The performance of the Company will be assessed by the Office of Rail Regulation as the independent Monitor, the new Watchdog and by the government. The Monitor will have a formal role, with responsibility for taking action, if required, to encourage improved performance. The Watchdog will also gather the views of road users to formulate advice for the Secretary of State.

Our aim for the Company is that, by delivering the Investment Plan, and through the transformation and continual improvement of its business, it will meet the aspirations and targets set out in this document.

The Statutory Directions and Guidance, along with the Framework Agreement, will include additional requirements that the Department for Transport has. These may include business performance measures which focus on how well the Company is acting as a business, rather than as a network operator. These measures and requirements are separate from those contained in this document.

Safety

Our focus is always on providing a safer network for all road users and reducing the number of casualties

SAFETY **SAFETY**

40%
Reduction in the number of people **killed or seriously injured** on the network

SAFETY **SAFETY**

User satisfaction

Customer satisfaction is a measure of overall performance across a number of areas, assessed through the National Road Users' Satisfaction Survey

Overall satisfaction of at least 90%

Traffic flow

Free-flowing traffic is essential and we have two KPIs to enable the evaluation of the Company's impact:

97%
Network availability at a minimum, to keep traffic flowing and reduce the impact of roadworks

85% Motorway incidents
cleared within the hour

Economic growth

The SRN will support economic growth. We have focused on **average delay**, monitoring time lost per vehicle per mile to illustrate the cost of delay

Environment outcomes

Improving environmental outcomes is a key requirement of this Roads Investment Strategy, with a twin focus on the built and natural environment

1,150 Noise important areas, as identified by DEFRA, mitigated by the end of the first Road Period

Reducing net loss of biodiversity during the first Road Period to achieve no net loss during the second Road Period

Cyclists, walkers, and vulnerable users

The company will report on the number of new and upgraded crossings they deliver during this Road Period

Efficiency

We expect the Company to show how it is delivering the Investment Plan in a **timely and efficient manner** to save over £1.2 billion across 5 years

Cost

Efficiency

Network condition

During Road Period 1, the Company will develop new improved metrics for the condition for all aspects of the asset

95% Of road surface – 'pavement' – in adequate condition

1. Introduction

Roads are fundamental to modern living, keeping the population connected and the economy flowing. They make it possible for people to travel for work and leisure, and for businesses to transport goods and materials. Roads are also the backbone of our transport system: 90% of passenger journeys and almost 70% of freight movements are made by road. Many of these journeys use the Strategic Road Network (the SRN, or the Network), which consists of the nation's motorways and all-purpose trunk roads (APTRs).

Turning the Highways Agency (the Agency) into a government-owned Strategic Highways Company (the Company) will facilitate the development of a flexible and efficient organisation with the ability to realise the government's Strategic Vision for the SRN and become a world-leading network operator.

This Performance Specification, part of the Road Investment Strategy (RIS) suite of documents, sets out the government's expectations for the Company and the SRN. It draws on specific aspects of government's long term vision for the Network and we expect the Company to align its objectives with that.

Rather than setting out how the Company should deliver the Performance Specification, we want it to work in the most effective way possible, delivering value for money and taking the actions that it deems necessary to achieve our long term aims and balanced outcomes across the eight areas detailed below.

The Performance Specification is focused on, and designed to emphasise, the needs of road users and the country as a whole. It sets out the high level objectives that the government has for the Network during the 2015/16 – 2019/20 Road Period 1 (RP1). It also puts in place a framework to develop improved measures for future Road Periods. We have detailed eight areas, which broadly link back to the Strategic Vision, where we require the Company to be focused:

- Making the Network safer;

- Improving user satisfaction;

- Supporting the smooth flow of traffic;

- Encouraging economic growth;

- Delivering better environmental outcomes;

- Helping cyclists, walkers, and other vulnerable users of the Network;

- Achieving real efficiency; and

- Keeping the Network in good condition.

Measuring success

In each area, we expect the performance of the Company and the Network to be assessed against:

- Key Performance Indicators (KPIs);

- Performance Indicators (PIs); and

- Requirements that will help to develop future strategy or performance measures.

This document includes text that provides the context for performance measurement, and our rationale for why we have included particular measures. The key details are set out in the summary tables for each performance area; these include the KPIs, PIs, and any Requirements that we have for each performance area during RP1.

Over the course of RP1 we require the Company to build its capability and continue to develop the data required to understand the impact of the breadth of its activities.

Key Performance Indicators

KPIs are high level measures of performance; as outcomes in the areas set out above can be hard to measure directly, and in many cases are not entirely within the Company's control, we will measure outputs and activities, as well as outcomes.

An example is the KPI for safety, which is the number of people killed or seriously injured on the SRN each year. This will give us a key indicator of the Company's performance as it relates to safety.

Where appropriate, we have set specific targets in relation to each KPI (such as reducing the number of people killed or seriously injured by 40% by the end of 2020). In some cases, the target will be to reach a

certain level by the end of RP1, and in others to maintain a standard or show improvement. For some KPIs there will be no associated target, for example, reporting on the average delay on the SRN. It will be important for the Monitor to assess performance in order to understand trajectories and outcomes, and for baselines to be set for possible future targets.

Performance Indicators

The KPIs by themselves do not, and cannot, fully reflect how the Company and the Network are performing. Accordingly, the Company will provide suites of broader PIs to give additional information on their performance.

We are specifying a number of PIs that the Company must provide, and the Monitor may propose additional ones. It will be for the Company to determine any further PIs and to decide whether to apply targets to any or all of them.

Requirements

The Performance Specification also sets certain Requirements. These may be for the Company to develop a strategy or a new, more effective, metric, or gather information on an issue. In many instances, such as developing broad environmental outcome based metrics, the Requirements will help to inform the setting of KPIs for future road periods. We require that progress in delivering these Requirements is reported annually at the very least.

Where the requirements relate to the development of new metrics, they should be used as PIs during any period of validation and while a baseline is established. The Company should clearly set out its delivery timetable for any new metrics, along with interim milestones, so that progress can be monitored. The Department for Transport (the Department) may choose to replace or supplement an existing KPI, or PI, with a newly developed metric during RP1 or wait to include it in the RIS for RP2[1] or RP3 depending on the time needed to establish it. In the event that the Department wishes to change, or add, a KPI, PI, or Requirement this will need to be agreed through a process of change control.

Operating the performance regime

We have established a new governance framework, which will allow the Company's performance to be assessed, and provide the sanctions and incentives to encourage the right behaviours. This framework includes the Office of Rail Regulation (the Monitor) and Transport Focus (the Watchdog) who, with the Department, will be involved in assessing the Company's performance and a high level of collaboration between all four will be required. In developing a RIS for a future Road Period, the Monitor will advise whether the outcomes sought are reasonable, based on the amount of money available, and whether the Company's proposals deliver these outcomes in an efficient manner. The Watchdog will gather the views of all road users and use these to formulate advice for the Secretary of State, as well as assisting the Monitor in assessing the performance of the Company.

We require the Company to collect data to report on the KPIs and PIs and to evaluate the extent to which its activities have driven changes in performance. The Monitor will then examine the efficiency and performance of the Company, independently and without bias, taking into account the analysis and explanation provided. For the avoidance of doubt, the Monitor should primarily focus on the summary tables in the document, and the PIs provided by the Company, when considering what to assess.

The rules on how the data relating to the KPIs and existing PIs will be gathered and analysed will be set out in an Operational Metrics Manual, which the Company will issue in advance of it starting operations, following prior agreement with the Department.

The Monitor will issue guidance that sets out how they monitor the operational and financial performance of the Company. The Watchdog may also issue guidelines setting out any additional requirements that it has.

The performance of the Company may lead to some form of reward or sanction. The details of this regime will be agreed and set out in advance of the Company starting operations. The Monitor will have a formal role to take action to encourage improved performance. In exceptional circumstances, the Department has the power to vary the Company's Statutory Directions and Guidance, make statutory interventions, or change governance. We envisage the development of a collaborative relationship between the Department, Watchdog, Monitor, and the Company, with potential problems being discussed and addressed in a timely manner. If elements of the Performance Specification are not met, the Monitor will be able to use a range of sanctions to encourage better performance.

---

1 Based on current assumptions for RIS development, new metrics would need to be available by 31 March 2017 to be used in the 2020/21–2024/25 Road Period (RP2).

2. Indicators and requirements

This chapter sets out the KPIs, and a subset of the PIs, that will be used to monitor and understand the overall performance of the Company and the SRN, as well as the Requirements made of the Company during RP1.

Making the Network safer

There has been a general downward trend in the number of people killed or seriously injured (KSI) on the Network. We can be proud of the fact that the roads that make up the SRN are among the safest in the world. The human and economic cost of incidents is still too high and we want to do better. Our ultimate aspiration is for no deaths or serious injuries as a result of incidents on the SRN.

We expect the Company to proactively undertake activities to make the SRN ever safer. The Company cannot do this by itself. Concerted action by vehicle manufacturers, enforcement agencies, the emergency services, government and other partners, as well as the Company is required to meet our aspiration. It will also require changes in driver behaviour, improvements to road and vehicle technology, along with investment in our roads. This RIS provides the impetus for the Company to act to help achieve our aspiration.

Measuring success

We have opted to use the number of KSIs each year on the SRN as the clearest indicator of road safety outcomes in a given time period. This will not exclude the Company from taking additional factors and trends into consideration when evaluating the safety of the SRN.

We consider that the Company can support the ongoing trend of reductions in the number of KSIs over the next five years, to help achieve an overall reduction of at least 40%, relative to the 2005–09 average baseline by the end 2020, as set out in the Strategic Framework for Road Safety[2]. This is equivalent to helping prevent over 2,500 unnecessary deaths or serious injurys on the SRN during RP1. The Company must report against this target, including variances to the trajectory, and evaluate and demonstrate how their activities have contributed towards the outcome.

Accordingly, the Company should provide a set of PIs to inform what they are doing to make the SRN safer, and support detailed evaluation. These should include:

● The number of incidents on motorways, along with causation factors. Casualty numbers and causation factors on the APTR should also be reported. This will help

---

2   https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8146/strategicframework.pdf

the Company gain a better understanding of where incidents occur and determine how best to prevent them; and

● The Company should work with the Department and other highway authorities to identify the most appropriate road safety assessment rating system for assessing the

comparative safety of our roads. This will build upon, but not be limited to, existing IRAP[3] star rating systems such as EuroRAP[4]. Once identified, the Company should develop and implement the chosen programme as appropriate. This work should feed into subsequent Route Strategies[5] and influence the development of the next RIS.

Road Safety – summary table	
KPI	The number of KSIs on the SRN.
Target	Ongoing reduction in Network KSIs to support a decrease of at least 40% by the end of 2020 against the 2005–09 average baseline.
PI	Suite of PIs to illustrate the impact of activities undertaken by the Company, and the influence of external factors with regard to making the SRN safer. These should include: ● Incident numbers and causation factors for motorways; ● Casualty numbers and causation factors for ATPRs; and ● IRAP based road safety investigations, developed in conjunction with the Department, to feed into subsequent Route Strategies.

3   http://www.irap.net/en/about-irap-3/methodology
4   http://www.eurorap.org/about-eurorap/
5   England's motorways and APTRs are covered by 18 Routes Strategies. Each Route Strategy will allow the Company to identify existing performance issues, anticipate future challenges, assess asset condition and operational requirements, plan investment, encourage participation from local and regional stakeholders, and understand local priorities. The Route Strategies will form a key building block for the development of the next RIS.

Improving user satisfaction

User satisfaction will reflect the success of the Company in delivering better performance in many of the other areas. Our research[6] shows that road users want to complete their journey safely and in the time they have allocated for it, with minimal stress and minimal need for decision-making. A positive journey experience is facilitated by good infrastructure, efficient road management, and the safe and effective provision of information.

The investment we are making on the Network will challenge and raise users' expectations of their experience of the SRN, and the Company needs to ensure that they are not disappointed. When planning and implementing initiatives to improve the SRN, the Company should take steps to ensure that road user expectations are met. In some instances this will mean setting realistic expectations about scheme benefits and the impact of any associated disruption arising from implementation (eg roadworks). It will also mean managing road user expectations as situations evolve, for example, during unpredictable disruption (eg incidents or poor weather). We know that road users value accurate and timely information when they encounter unexpected disruption as it helps them to re-plan both their journeys and the activities that depend on them.

The Company will also benefit from the findings of the Watchdog which will gather and present the views of the full range of users of the SRN, including vulnerable users, and the freight and logistics sector. This will

provide a more comprehensive picture of what users think about the SRN and how the Company can raise user satisfaction; this should help it respond more directly to users' concerns. The Company should take steps to improve satisfaction, and should demonstrate how it is doing this.

Measuring success

The main measure of user satisfaction at the moment is the National Road Users' Satisfaction Survey (NRUSS). We have adopted a target of improving the overall NRUSS score to 90% by 31 March 2017 and then maintaining it to at least that level over the remaining years of RP1. The Company should report on progress, and demonstrate and evaluate how its actions are supporting the improvement in satisfaction.

While overall user satisfaction[7] with the SRN has remained high since 2011, there has been a downward trend. Over RP1 the Company will undertake a significant amount of maintenance, renewal, and enhancement work. This increased activity, which is necessary to deliver a better Network for the future, may well exacerbate the downward trend in satisfaction in the short term. Therefore, we consider the target to be a challenging one and the Company will need to be more proactive and innovative in order to meet it.

Accordingly, the Company should provide PIs to give more detailed information about user satisfaction, and support detailed evaluation.

---

6   See Roads Reform Social Research Programme Synthesis of Key Findings, November 2014, and Understanding Road Users; Wave 2 Qualitative Research, May 2014, for details of drivers of road user satisfaction.

7   The five areas of satisfaction are: journey time, roadworks management, general upkeep, signage and safety.

Measuring user satisfaction in the future

As part of its responsibilities the Watchdog will, with stakeholder input, undertake a thorough review of the basis on which user satisfaction is assessed, and the factors that influence this. The Watchdog will investigate how best to develop new surveys that provide a more accurate picture of road user needs and wants, and the Company should support the Watchdog in this work.

We expect that the new surveys will be developed for use during RP1 and initially run in parallel with the NRUSS to ensure that the results are consistent. The new surveys should be ready to replace the NRUSS by the start of RP2. They may be adopted earlier if the Watchdog, the Monitor, the Department and the Company feel it is sensible to do so.

User Satisfaction – summary table	
KPI	The percentage of NRUSS respondents who are Very or Fairly Satisfied.
Target	Achieve a score of 90% by 31 March 2017 and then maintain or improve it.
PI	Suite of indicators to provide additional information about the performance of factors that influence user satisfaction.
Requirements	Demonstrate what activities have been undertaken, and how effective they have been, to maintain and improve user satisfaction. To support the Watchdog as it develops replacements for the NRUSS.

Supporting the smooth flow of traffic

Road users expect the SRN to provide appropriate travel speeds and consistent journeys; congestion on the SRN impacts negatively on the economy, on the experience and lives of road users, and on the environment. We also know from the NRUSS that of the five key features of a journey that are measured, roadwork management, followed by journey time, score most poorly. The Company can and should work to tackle the congestion that can be predicted, such as cyclical increases in demand levels (for example, during the peak periods, or at the start or end of holidays), or through planned roadworks. We recognise that unpredictable congestion caused by, for example, incidents or extreme weather may be more problematic, due to their uncertain nature and impact on journey times. While such incidents may be outside the control of the Company, how it deals with them can impact on congestion and journey times. Therefore we have chosen two KPIs: Network availability and time taken to deal with unplanned incidents, to focus attention on issues which are important to road users and are within the Company's control.

Since 2011, availability, excluding unplanned incidents on the SRN, has varied between 98% and 99%. During RP1 the Company will undertake a significant programme of maintenance, renewals, and enhancements; we recognise that this will affect network availability. That said, we also require the Company to deliver the programme of work we have set out in the Investment Plan while minimising negative impacts and keeping traffic moving. As such, we are setting a threshold for availability to help the Company balance these priorities. Setting the threshold too high will discourage the Company from delivering investments,

while setting it too low will cause unacceptable disruption and delay.

The Company should report on the percentage of the SRN that is available and act in such a way that lane availability does not fall below 97% in any given rolling year. A lane is considered unavailable if it is closed to traffic because of planned roadworks. This measures the extent of roadworks and so incentivises the Company to plan these works in a way that minimises driver disruption, whilst reflecting the impact of the Investment Plan. More broadly we require the Company to plan and deliver roadworks in a way that minimises inconvenience to road users.

Traffic Officers play an important role in keeping traffic moving; helping road users in the event of breakdown or collision and clearing debris from the motorways and returning the road to use. The Company should demonstrate that it is clearing incidents as quickly as possible by reporting on incident management times. In addition, in line with the CLEAR (Collision, Lead, Evaluate, Act, Re-open) Initiative[8], the Company should demonstrate that it is working with the other emergency responders including the Police, Ambulance, and Fire and Rescue Services to improve incident response.

---

8 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/246620/0354.pdf; http://library.college.police.uk/docs/CLEAR-Aide-Memoire-2012.pdf

The Company should also provide a suite of PIs to help inform and evaluate what it is doing to improve traffic flow, though we recognise that several factors, such as traffic volumes, are not within their control.

These should include a PI or PIs to demonstrate the reliability of journey times that is different from that currently used by the Agency.

Traffic Flow – summary table	
KPI	*Network Availability:* the percentage of the SRN available to traffic. *Incident Management*: percentage of motorway incidents cleared within one hour.
Target	*Network Availability*: Maximise lane availability so that it does not fall below 97% in any one rolling year. *Incident Management*: At least 85% of all motorway incidents should be cleared within one hour.
PI	Suite of PIs to illustrate the impact of the activities undertaken by the Company, and the influence of other external factors, on traffic flow. This should include, at a minimum, reliability of journey times.
Requirements	Report annually on how the Company has minimised inconvenience to road users through roadworks over the previous year. Demonstrate that it is working effectively with its partners to improve incident response.

Encouraging economic growth

There is strong evidence that transport investment, including in roads, can improve productivity and GDP[9]. The SRN is a major facilitator of economic growth and having roads that meet the needs of all users, especially the freight and logistics sector, is vital for economic prosperity.

The SRN supports the flow of goods and freight, improving productivity and competitiveness, as well as helping to unlock key housing and economic development sites. In 2014 the World Economic Forum[10] ranked British roads 30th in the world, a fall of six places from the previous year. Free flowing transport networks support economic growth nationwide. Through the Route Strategies, the Company should identify the constraints to economic growth that the performance of the SRN could help alleviate and identify how future delivery and investment plans might address them.

Measuring success

Many of the effects of a well-functioning transport network are indirect and can be difficult to measure. We have, therefore, chosen to measure average delay to provide an indication of the drag on the economy that poor performance on the Network brings. Given that there are many factors that influence average delay, including the performance of the economy as a whole, some of which are not within the Company's control, we do not consider it appropriate to set a target for this measure in RP1, but the

Company should act in a way that will minimise delay as far as possible.

The Company should provide a set of PIs to demonstrate and evaluate what it is doing to support the economy. These should include PIs to:

- Show how the Company is playing its role in the planning system as the Company will be inheriting the Agency's status as a major statutory consultee in the planning process;

- Help represent and support business users. These can include looking at individual driver delay on gateway routes[11] to represent service experience for importers/exporters and international travellers; and

- Demonstrate that the Company is supporting our ambition to increase the amount of departmental and public sector money spent with small and medium sized enterprises, and meeting government targets as agreed with the Department.

The Company will be undertaking a substantial programme of work over RP1, working with key suppliers in the construction sector, as it delivers the Investment Plan. Given the leading role that it will play, we want the Company to build on the good work that the Agency has started in supporting the five goals set by Government

---

9 Gemmell, N., Kneller, R., & Sanz, I. (2012). Does the composition of government expenditure matter for economic growth?

10 http://reports.weforum.org/global-competitiveness-report-2014-2015/rankings/

11 Routes linking major population centres, or business and manufacturing sites, with the most important ports and airports, and potentially strategic rail freight interchanges.

in Construction 2025[12], the industrial strategy for construction:

- People – an industry that is known for its talented and diverse workforce;

- Smart – an industry that is efficient and technologically advanced;

- Sustainable – an industry that leads the world in low-carbon and green construction exports;

- Growth – an industry that drives growth across the entire economy; and

- Leadership – an industry with clear leadership from a Construction Leadership Council.

The Agency's Roads Academy offers an innovative development programme that aims to drive improvement across the whole roads industry, to act as a catalyst for significant change in how the industry thinks, behaves, and performs to help meet future challenges and opportunities. We require the Company to continue to deliver the Academy programme across the industry.

By 31 March 2016 the Company should also set out its approach to innovation, technology and research funded through the Investment Plan. This will allow the Company to take advantage of new innovations, and respond to technological progress, by supporting a wide range of research, development, demonstration, and deployment activities.

Economic growth – summary table	
KPI	Average delay (time lost per vehicle per mile).
Target	No target set.
PI	Suite of PIs to help demonstrate and evaluate what activities have been taken to support the economy. These should, at a minimum, include metrics on: ● Being an active and responsive part of the planning system; ● Supporting the business, and freight and logistics sectors; and ● Helping the government support small and medium sized enterprises.
Requirements	The Company should report on average delay. Actively support the Construction 2025 goals. Deliver the Roads Academy programme across the industry. Develop its approach to innovation, technology, and research and agree an implementation plan by 31 March 2016. Through Route Strategies identify constraints to economic growth that the performance of the SRN could help to alleviate and identify how future delivery and investment plans might address them.

12 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/210099/bis-13-955-construction-2025-industrial-strategy.pdf

Delivering better environmental outcomes

A variety of environmental issues are affected by the SRN, including noise, carbon dioxide, and other greenhouse gas emissions, air quality, and biodiversity. In Action for Roads[13], and the response to the consultation on transforming the Agency into a government-owned company[14], we made a strong commitment to an ongoing improvement in environmental outcomes through the operation, maintenance, and improvement of the SRN; we require the Company to deliver this.

The Agency has already made significant progress in improving environmental outcomes. As a result of quiet surfacing, early relocation of affected species, and more intelligent design and landscaping, roads have less of an impact on the environment and surrounding areas than ever before. In some cases, like the A3 Hindhead Tunnel, the Agency have significantly improved the environment, and we want this to become the norm, rather than the exception.

Measuring success

At this stage, there is no single metric that can report on the overall condition of the environment with respect to the SRN. Accordingly, we require the Company to develop metrics to reflect its environmental performance. If possible this should support the government's aspiration to build natural capital[15] into the decision making process,

and help demonstrate the aspirational goals of the Natural Environment White Paper[16].

Until this work is complete, we have chosen two important aspects of the environment to use as KPIs: Noise and Biodiversity.

- We know that noise is one of the biggest areas of complaint by communities, and exposure to elevated noise levels can adversely impact on people living and working near the SRN. It is also an area that is partly under the control of the Company to address, for example, through its assets such as low noise road surfaces and barriers. Investigating and mitigating at least 1,150 Noise Important Areas, as identified through the Defra Noise Action Plan[17], will help deliver a better quality of life to around 250,000 people as noise exposure is reduced.

- Biodiversity is intrinsically valuable. For example, it contributes to our economic and social wellbeing through food, fresh water, and clean air. Biodiversity also contributes to less obvious services such as protection from natural disasters, regulation of our climate, and pollination of our crops. We have an aspiration that the operation, maintenance, and enhancement of the SRN should move to a position that delivers no net loss of biodiversity. And, in the long term, the Company should deliver a net gain across its broader range of works. By 30 June 2015, the Company must

---

13 https://www.gov.uk/government/publications/action-for-roads-a-Network-for-the-21st-century

14 https://www.gov.uk/government/publications/transforming-the-highways-agency-into-a-government-owned-company-decision

15 https://www.naturalcapitalcommittee.org/natural-capital.html

16 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/228842/8082.pdf

17 https://www.gov.uk/government/publications/noise-action-plans-large-urban-area-roads-and-railways

publish a Biodiversity Action Plan to show how it will work with service providers to halt overall biodiversity loss, and maintain and enhance habitats and ecological networks. We require the Company to demonstrate progress against the Biodiversity Action Plan, to secure an ongoing annual reduction in the loss of net biodiversity due to its activities, with the aim that activity in RP2 delivers no net loss of biodiversity.

Our focus on noise and biodiversity as KPIs for RP1 will be complemented by work that the Company will undertake across a wide range of environmental issues. Accordingly, the Company should provide PIs to capture the broader range of work it is doing and support evaluation. These should include PIs for:

- Air quality: this is a major issue, with emissions from vehicles such as oxides of nitrogen, and particulate matter, having potentially harmful effects on human health and the environment. The Company should work with its partners to make progress on reducing the negative impacts on air quality which will support wider Government initiatives targeted at improving air quality; and

- Carbon dioxide, and other greenhouse gas emissions, for the Company and its supply chain as it operates, maintains and improves the Network. Changes in climate, and the financial and socioeconomic consequences of this change are increasingly well understood. The Company will need to demonstrate that it is playing its part in helping reduce carbon dioxide, and other greenhouse gas emissions, in line with current and future government targets[18].

We are also interested in the emissions of carbon dioxide, and other greenhouse gases that arise from the use of the SRN, though we recognise that this will depend on the types of vehicles that use it. In order to determine what vehicle emission levels from the use of the SRN are, the Company will need to develop an appropriate methodology for a new PI.

---

18 http://www.legislation.gov.uk/ukpga/2008/27/contents

Environment – summary table	
KPI	*Noise*: Number of Noise Important Areas mitigated. *Biodiversity*: Delivery of improved biodiversity, as set out in the Company's Biodiversity Action Plan.
Target	*Noise*: mitigate at least 1,150 Noise Important Areas over RP1. *Biodiversity*: The Company should publish its Biodiversity Action Plan by 30 June 2015 and report annually on how it has delivered against the Plan to reduce net biodiversity loss on an ongoing annual basis.
PI	Suite of PIs to provide additional information about environmental performance. These should, at a minimum, include: ● Air quality; and ● Carbon dioxide, and other greenhouse gas emissions for the Company and its supply chain that occur as they carry out work on the SRN.
Requirements	Demonstrate what activities have been undertaken, and how effective they have been, to improve environmental outcomes. The Company should develop metrics covering broader environmental performance. These should include: ● A new or improved biodiversity metric; and ● Carbon dioxide, and other greenhouse gas emissions arising from the use of the Network.

Helping cyclists, walkers, and other vulnerable users of the Network

The SRN provides connections between our towns and cities, and to other modes of transport, through links to stations, rail freight interchanges, ports, and airports. Over time as our cities and towns have grown, in places the Network can sometimes act as a barrier. In some instances, roads were built and developed with insufficient attention to keeping communities together, reducing opportunities for cycling and walking. We have a strong desire to fix historic problems, and prevent new barriers emerging.

Government has also stated that it wants to enable choice so people can be more active by walking or cycling. Accordingly, although some vulnerable users are not allowed on motorways, the Company should seek to facilitate the safe movement of vulnerable users across and alongside the SRN to address these barriers. In addition, we require the Company to undertake work to deliver sustainable and equitable outcomes to meet their Public Sector Equality Duty[19] as set out in the Equality Act 2010.

Measuring success

At present, the metrics for establishing how well the Company is doing to make the SRN better for cyclists, walkers, and other vulnerable users are very limited in number and scope. Therefore we require the Company to develop new metrics for future Road Periods, to help demonstrate that it is supporting the government's aspiration for improving provision for cyclists, walkers, and other vulnerable users more generally on and around the SRN. In the interim, we are using the number of new or upgraded crossings provided for cyclists, walkers, and other vulnerable users as a KPI.

We recognise the risk that a limited metric such as this may result in unwanted outcomes that do not encourage more cycling and walking. As such, we have not set a target for this KPI in RP1. We do not want the Company to focus exclusively on the provision of crossings; rather we want it to take action to help cyclists, walkers, and other vulnerable users of the Network. In determining what interventions to make, and evaluating their success, we would expect the Company to seek views of relevant Non-Governmental Organisations.

In recent years, the Agency has made progress to support cyclists, walkers, and other vulnerable users. It has developed positive relationships with a wide range of stakeholders and offered strong leadership in the field of sustainable journeys. We want the Company to continue to build on this successful foundation.

We require the Company to provide PIs that measure the safety of vulnerable users. Improving safety on and beside the SRN for vulnerable users can help encourage people to use the facilities on offer.

19 Section 149 of the Equality Act 2010.

Cyclists, walkers and other vulnerable users – summary table	
KPI	The number of new and upgraded crossings.
Target	No target set.
PI	Suite of PIs to demonstrate the safety of the SRN for cyclists, walkers, and other vulnerable users.
Requirements	Report annually on the number of new and upgraded crossings. New indicators which demonstrate improved facilities for cyclists, walkers, and other vulnerable users. Report on how it is delivering against the Public Sector Equality Duty.

Achieving real efficiency

We are creating a new governance framework for the management of the SRN that will generate more cost savings for the taxpayer and deliver better outcomes for road users. By managing the Network within a governance framework similar to other infrastructure companies and operators the Company should be able to deliver significant efficiency savings, both in RP1 and beyond. We have agreed that the Company should look to deliver £1.212 billion savings on capital expenditure by the end of RP1. This is within the context of delivering long term efficiency savings of at least £2.6 billion as efficiencies ramp up during RP2.

As well as delivering efficiency, we want to ensure that projects are delivered on time. For that reason we are also monitoring the progress of work against planned timescales.

Measuring success

The Company should demonstrate that it is on track to deliver the agreed efficiencies. This will provide reassurance that it is able to deliver the Investment Plan in a timely and efficient manner. We have set two KPIs:

- Cost Savings made to deliver a total saving of at least £1.212 billion, by the end of RP1 on capital expenditure. The Company is required to demonstrate how these efficiencies have been achieved.

- As part of the Company's Delivery Plan[20], and annual updates to it, which sets out delivery of the Investment Plan, the Company will provide a forecast of how work will be progressed during the year ahead. The Company should report on actual progress relative to both the forecasts provided in the annual updates to their Delivery Plan and expectations set at the start of RP1.

The Company should also provide a suite of PIs that will provide more information on how it is generating savings while delivering the Investment Plan. These should include Cost and Schedule Performance Indicators (CPI and SPI respectively) for major schemes and programmes. These will demonstrate that schemes in construction are being delivered at or below the original cost estimate, and whether key points in the delivery of schemes have been achieved in line with planned timescales[21].

---

20 The purpose of the Delivery Plan is to structure the inter-related projects, programmes, and initiatives efficiently, translating when and how the strategic objectives will deliver the expected benefits. There will be a strong focus on delivery risk mitigation, and the way the business will manage the complexity of a five year plan.

21 As defined at the achievement of Project Control Framework stage 5.

Efficiency – summary table	
KPI	*Cost Savings*: Savings on capital expenditure. *Delivery Plan Progress*: progress of work, relative to forecasts set out in the Delivery Plan, and annual updates to that Plan, and expectations at the start of RP1.
Target	*Cost Savings*: Total savings of at least £1.212 billion[22] over RP1 on capital expenditure. *Delivery Plan Progress:* meet or exceed forecasts.
PI	Suite of PIs to demonstrate that the portfolio is being developed and the Investment Plan delivered in a timely and efficient manner. These should include the progress of major schemes and programmes in construction through reporting CPI and SPI for schemes at Project Control Framework Stage 5 and beyond.
Requirements	Demonstrate on an annual basis how efficiencies have been achieved.

---

22 This target figure is in nominal terms, and is based on the efficiency assumptions used to develop the Investment Plan. In the event that the Investment Plan undergoes significant revision – for example, movement between funding lines or years – the efficiency assumptions that underpin this target may need to be revised which might necessitate a change to the target.

Keeping the Network in good condition

The SRN is the single largest asset owned by government, supporting both national and local economies by facilitating the movement of people and goods. The SRN should be managed and maintained so that it is, at the very least, safe and serviceable. This is essential for the successful delivery of all aspects of the RIS. Good practice asset management can facilitate delivery of safer, higher performing, and more efficient infrastructure. We expect the Company to adopt good practice asset management.

Measuring success

There are five main classes of asset that make up the Network:

- Pavement (eg the road surface);

- Structures (eg bridges);

- Technology (eg overhead message signs);

- Drainage; and

- Geotechnical works (eg embankments).

At present, the only well-developed asset condition metric available is the Network Pavement Condition (NPC) indicator. Therefore, during RP1, we will use this metric as a KPI, which looks at the condition of the road surface, as a proxy for the asset condition of the SRN as a whole.

The NPC reports on the pavement condition as a result of deterioration of the SRN due to time, traffic and maintenance. It shows the percentage of the Network that needs no further investigation for possible maintenance, and we require the percentage to be maintained at 95% or above. To achieve this, the Company will be undertaking a major programme of maintenance and renewal funded through the Investment Plan.

As this KPI only looks at pavement condition, the Company is required to provide a suite of PIs to give a better understanding of the condition of the SRN as a whole.

Improving the quality of information across all asset classes will be a key factor in ensuring that the best operational, maintenance, renewal, and enhancement interventions are made on the SRN. To provide reassurance that the Company is taking action to improve asset information quality over RP1, it is required to produce an implementation plan, by 31 March 2016, so that progress of this work can be monitored.

Given the limitations of the NPC, we also require the Company to produce new enhanced condition metrics that adequately reflect the technical condition of the main asset classes, the quality and completeness of supporting asset information, the residual asset life, and asset performance. We recognise that this is a major undertaking, therefore this work should be phased with enhanced condition metrics for pavements and structures being available by 31 March 2017, and then validated over the following two years. Other new enhanced condition metrics for technology, drainage and geotechnical work should be validated by 31 March 2020. The intention is that these new metrics will be used as PIs, or KPIs, in RP2, or RP3, as appropriate.

Network condition – summary table	
KPI	The percentage of pavement asset that does not require further investigation for possible maintenance.
Target	Percentage to be maintained at 95% or above.
PI	Suite of PIs to provide additional information on the asset condition of the SRN as a whole.
Requirements	Produce an implementation plan, by 31 March 2016, to show how the Company will improve asset information quality over RP1.
	Develop new condition indicators for:
	● Pavements and Structures for agreement by 31 March 2017 and complete validation for these by 31 March 2019; and
	● Technology, Drainage, and Geotechnical Works for agreement by 31 March 2018 and complete validation for these by 31 March 2020.