

FAQs

Why did this review happen?

As part of the spending review settlement in October 2010, the Secretary of State for Transport agreed to an independent review to examine whether Government has the right approach to operating, maintaining and enhancing the strategic road network. The review was announced in April and recently reported to the Secretary of State.

What did the review find?

The strategic roads network is the only major item of economic infrastructure in England still run by the civil service, with annual budgets set by the Department for Transport. The report finds that while the current Highways Agency has had a number of recent successes and is by no means a failing service, its unique status and relationship with government do not reflect the wider interests of the economy or deliver the best value for money for taxpayers. Reasons for this include:

- the close proximity of the Agency to the DfT, which means that there has historically been little pressure for the Government to take, or stick to, long-term decisions for investment in the network;
- unlike in the regulated sectors, there is no continuous external pressure for efficiency;
- successive changes of approach and agenda, which have created duplications and inefficiencies between the Agency, its supply chain, and local authorities;
- perceptions of political pressure, and constraints on civil service recruitment and rewards, which have helped create an over-centralised working culture that is unnecessarily risk-averse; and
- the perceived need to secure flexible terms across the Agency's business, which adds to costs and means that opportunities for efficiency from greater funding certainty have often been missed.

The report estimates that a programme of fundamental reform could generate efficiencies worth around £200 million a year after 5 years from maintenance and operation of the network, with further savings from the enhancements programme.

What does the report recommend?

The report makes a range of recommendations to the Department for Transport and to the Highways Agency's Board, all of which are set out in the Executive Summary of the report. They include:

- The need for the DfT to be a more effective 'customer', clearly setting out its strategy for the network and taking a more outcome-based approach to specifying performance levels, alongside targets for financial efficiency modelled on the 'RPI-X' approach in the regulated sectors;

- That any specification needs to make firm commitments over a 5 year period, including a committed funding package, giving the Agency the flexibility to plan investment over the long-term and to obtain better value from its contractors by contracting with greater certainty;
- That the Government should focus on a new strategic role as the champion of the road user, ensuring that any specification clearly and transparently sets out the service levels and standards that road users should expect from the network, based on engagement with road users and representative bodies; and
- That the corporate status of the Agency should be reformed to make it a more arms length body, to provide a catalyst for building a more commercial culture in the organisation and to 'lock in' the benefits of longer term funding commitments.

Why is this review relevant to taxpayers and road users?

The report finds that there are opportunities to get much better value from over £2 billion of taxpayers' money that is spent on England's motorways and trunk roads each year. The report argues that implementing the full package of recommendations could save over £200 million a year after 5 years of the new approach.

It also finds that the Government's current approach does not adequately challenge the Highways Agency to operate the network in the best interests of road users or the economy. By setting out transparent and challenging long-term goals for the performance of the network, and funding it on a longer-term basis, the Government can achieve a much better quality of service for road users and promote economic growth.

Is the report advocating privatisation of the strategic roads network?

No. The review recommends that the Government retains 100% ownership of the road network.

Does the report recommend national road pricing?

No. National road pricing was not part of the terms of reference of the review, and the report assumes that there will be no change to the way that roads investment is funded.

Does the report recommend breaking up or abolishing the Highways Agency?

No. The report recommends a change in the corporate status of the Highways Agency, so that it is more independent of government. It would become a more businesslike organisation, with greater commercial autonomy and capability, facing a much tougher long-term performance challenge from the Government. A range of governance models could potentially achieve these goals.

The network provider would remain a national-level body, responsible for the operation, maintenance and enhancement of strategic roads across England – the report does not recommend breaking up these functions.

Does the report recommend a ‘Network Rail for Roads’?

No. Unlike Network Rail, the Secretary of State would retain full ownership of the road network and the network manager under the report’s proposals. Also, while its recommendations draw widely from the experiences of regulated sectors such as the water industry, the report does not recommend independent regulation for the roads network.

Who was consulted as part of the review?

A list of contributors to the review is provided in Annex B of the main report.

How was the review funded?

The review team was funded by the DfT and Highways Agency. It received free advisory support from PricewaterhouseCoopers.

Will this be implemented, and if so, when?

The report sets out Alan Cook’s independent advice to the Secretary of State - it is not government policy. It is for the Secretary of State to decide when and how to respond to the proposals.