

The Road to Growth
Our strategic economic growth plan
March 2017





Contents

What is the strategic road network and who are Highways England?	4 – 5
Foreword from Jim O’Sullivan – Chief Executive, Highways England	6 – 7
Executive summary	8 – 11
1. Introduction	12 – 13
2. Our economic vision	14
3. Our role in the economy	14
4. How the SRN drives economic growth	15 – 21

5. Economic role 1 – Supporting business productivity and competitiveness, and enabling the performance of SRN-reliant sectors	22 – 31
6. Economic role 2 – Providing efficient routes to global markets through international gateways	32 – 41
7. Economic role 3 – Stimulating and supporting the sustainable development of homes and employment spaces	42 – 49
8. Economic role 4 – Providing employment, skills and business opportunities within our sector	50 – 59
9. Understanding economic locations and their relationship with the SRN	60 – 63
10. Measuring our impact	64 – 65
11. Conclusion and next steps	66 – 67

Appendix 1 – Glossary of terms
page 68 – 72

Appendix 2 – Underpinning evidence reports
page 73

Appendix 3 – Informing Road Investment Strategy 2
page 74

Appendix 4 – How we developed our strategic plan
page 75 – 76



What is the strategic road network and who are Highways England?

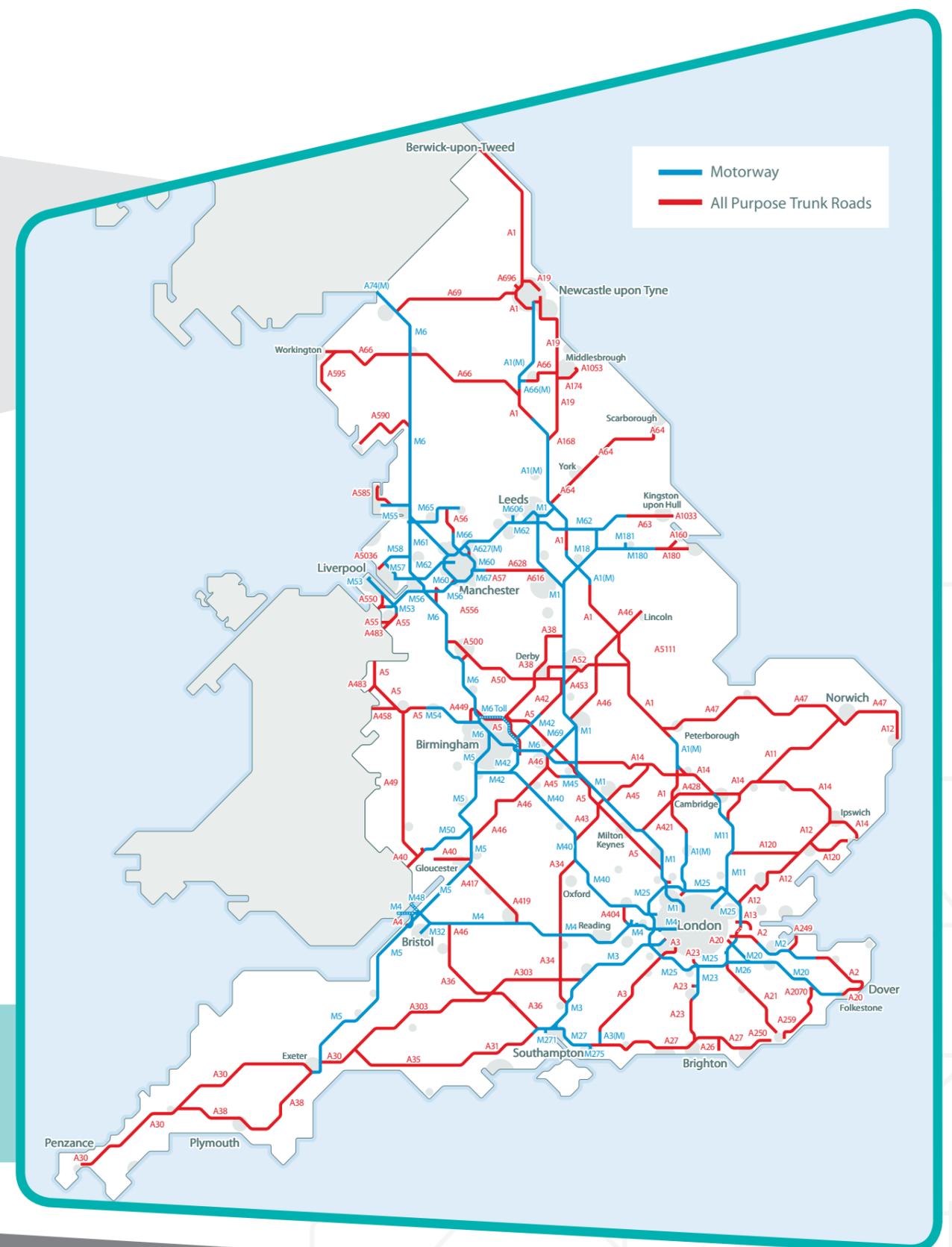
The strategic road network (SRN) consists of the country's motorways and major A roads, providing strategic routes right across England (Figure 1). It provides the arteries of the country's road network, and is one of the biggest and most significant publicly-owned economic assets in the country. It comprises approximately 4,400 miles of road (1,865 miles of motorway and 2,571 miles of trunk roads) and plays a critical role in national and local economic prosperity by connecting businesses and people and enabling employment and productivity growth.

Although it accounts for only 2% of roads in England, the SRN carries a third of all road traffic and two thirds of freight traffic.

Highways England operates, maintains and improves the network on behalf of government.

We develop, design and manage investments in the SRN to deliver the government's Road Investment Strategy. Our investments maintain, renew and improve the network, making journeys safer, more reliable and more efficient. We also oversee the operation of the network. Highways England succeeded the Highways Agency as a government-owned company on 1 April 2015.

Figure 1 – The strategic road network



Foreword from Jim O'Sullivan – Chief Executive, Highways England



The strategic road network (SRN) is vital to the success of the UK economy. Businesses across the country rely on the SRN to access their workers, suppliers and customers, and there are several significant sectors – such as freight and logistics, retail and wholesale trade, manufacturing and construction – that are completely reliant on it. We simply cannot operate without moving people, materials and goods around by road. And that's why 'supporting economic growth' is key to our activities.¹

¹Highways England, Strategic Business Plan, December 2014.

The Road to Growth is our first strategic economic growth plan – a plan for optimising the economic impact of the SRN. This long-term outward-looking approach demonstrates the new level of strategic thinking that will make Highways England different from our predecessor.

The evidence underpinning *The Road to Growth* tells us the essential role of the SRN in the economy. We are seeing some significant changes in the global economy and *The Road to Growth* will ensure that the UK is well placed to respond to these changes and play a stronger role internationally.

We already do much that supports growth through our investment programme and by enabling development through our statutory planning function.

We are determined to build on this – to increase our economic contribution by taking an even more bold and more direct role in supporting growth and prosperity. Our strategic plan provides the framework for us to achieve this economic objective and describes the steps we will take next, together with our many partners and stakeholders.

This strategic plan provides important economic context for the Government's future investment in roads. It is part of our preparations for Road Investment Strategy 2, alongside the strategic studies and the route strategies. Supporting growth will feature prominently in our SRN Initial Report later this year. We welcome feedback and engagement on all our activities and *The Road to Growth* will further facilitate this.

It is also a longer-term proposition considering the future out to 2050. It provides a framework that will influence our long-term strategy for the network and guide our future operations and decisions.

Jim O'Sullivan
Chief Executive, Highways England
 March 2017.

Executive summary

The success of the UK's economy is underpinned by a safe, effective and efficient strategic road network (SRN). The SRN is the largest part of the integrated transport system that businesses rely on every day to operate successfully.

The SRN is vital to the performance of some of the country's leading sectors – such as logistics and freight, retail and wholesale, construction and manufacturing. These sectors fundamentally rely on the road network to move materials and goods around the country. The development of new employment spaces and homes cannot happen without the right road connections and capacity.

In 2016, the Confederation of British Industry (CBI) reported that the current Road Investment Strategy “has the overwhelming backing of business, with 97% of firms describing it as important and 41% calling the programme ‘critical’ in attempts to boost capacity and resilience”.²

- Improving access to suppliers and customers, thereby enhancing business competitiveness and productivity
- Contributing to economic agglomeration activity (clustering of businesses)
- Improving labour access (including commuting) and employment opportunities
- Facilitating investment and through helping to create the right environment for sustainable growth

Economic roles

Highways England already makes a significant economic contribution in terms of capital investments, reducing delays, and enabling the sustainable delivery of new development. This facilitates economic development that benefits businesses, workers and consumers, while our investment in safe and reliable roads improves life for both users and people living near the SRN.

Drawing on thorough independent research, we have identified 4 strategic economic roles. Three cover the roles that the SRN can play in supporting the economy:

1. **Supporting business productivity and competitiveness, and enabling the performance of SRN-reliant sectors**
2. **Providing efficient routes to global markets through international gateways**
3. **Stimulating and supporting the sustainable development of homes and employment spaces**

Vision

Our vision is that the SRN will continue to play a central role in enabling UK prosperity by ensuring that businesses benefit from safe, reliable and efficient movement of people and goods, connectivity to skills, and access routes to national and global markets.

A well-functioning SRN will enable sustainable economic growth by:

- Increasing opportunities for trade and export-orientated growth

Highways England also has a significant direct economic impact as a procurer (£11 billion capital investment in the period 2015 – 2020) and employer (4,000 staff). So our fourth economic role is:

4. Providing employment, skills and business opportunities within our sector.

The Road to Growth sets out how we will begin to increase our economic contribution in each of these 4 areas.

Working with stakeholders

Our evidence base has been complemented by widespread consultation with users and other stakeholders including Local Enterprise Partnerships (LEPs), sub-national transport bodies³, business representatives, local authorities, government departments, national infrastructure providers and devolved administrations.

Having spoken with all 39 LEPs we are developing an approach to help us understand the economic significance and reliance of identified economic locations across the country. Locations identified through these conversations have also fed into route strategies which bring together information from key partners to better understand the condition and performance of our roads and to inform the development of the Government's next Road Investment Strategy (RIS2).

Most of the actions identified in this strategic plan will be delivered in partnership with others, including national and sub-national transport bodies, local authorities, LEPs, business sector organisations, and government agencies.

As part of an integrated transport system, planning for roads requires an integrated approach. Our approach will be rooted in partnership and will include strengthened joint planning with other infrastructure partners such as High Speed 2 (HS2) Ltd and Network Rail, and work with ports, airports and local authorities, to deliver benefits for business users.

We will aim to undertake more engagement with the private sector and work closely with partners such as the Department for Communities and Local Government (DCLG) and the Homes and Communities Agency (HCA) to enable the delivery of new homes. Furthermore our engagement with our supply chain and further and higher education institutions will be crucial to meet the current and future skills challenge facing our sector.

² CBI/AECOM, *Thinking Globally, Delivering Locally: Infrastructure Survey, November 2016.*

³ Transport for the North, Midlands Connect, England's Economic Heartland Strategic Alliance, and other emerging sub-national partnerships.

Conclusion and next steps

The Road to Growth, in combination with many other sources – including Route Strategies, strategic studies and the information we gather while running the network every day – will inform our SRN Initial Report, which will in turn inform the Government’s next road investment strategy.

Developing *The Road to Growth* has sharpened our focus on our economic impact, and we will

continue to embed this economic awareness across our organisation, to remain sensitive to the economic needs and opportunities of the country, and to adapt our ways of working to enable us to be more responsive to these. *The Road to Growth* provides a basis on which to measure our impact on the economy, to ensure that we keep this under consideration.

Our 4 strategic economic roles

- 1

Supporting business productivity and competitiveness, and enabling the performance of SRN-reliant sectors.
- 2

Providing efficient routes to global markets through international gateways
- 3

Stimulating and supporting the sustainable development of homes and employment spaces
- 4

Providing employment, skills and business opportunities within our sector





1. Introduction

An effective and efficient road network plays a vital role in delivering economic success and in both stimulating and enabling economic development. Roads enable economic growth by connecting companies to their employees, suppliers and customers.

‘Supporting the economy’ is one of our 5 strategic objectives⁴. Highways England is investing £15 billion in the SRN as set by the Government’s road investment strategy. This will deliver more than 100 schemes to increase capacity, transform connectivity, and improve

the condition of the network. We also make a significant contribution to the UK’s economy through our operation of the network and through our role as statutory consultee in the planning system. We are determined to contribute even more by taking a bolder and more direct role in supporting sustainable economic growth and prosperity.

The Road to Growth – and its underpinning evidence reports – sets out the relationship between the strategic road network (SRN) and the economy. It describes our role in supporting growth and development across the country

– explaining the economic contribution of our routine activity of managing the network, delivering our statutory planning function, and investing to maintain and enhance the network.

It responds to the current and future strategic transport needs of our business customers, as well as considering the interests of our stakeholders. Acting responsibly and working collaboratively, we will actively seek to unlock constraints to economic growth, balancing local and national economic interests while maintaining a safe and effective road network.

The Road to Growth – and the evidence base that informed it – will help shape our SRN Initial Report and influence the Government’s road investment strategy. In turn, it will influence our strategic business plan, delivery plan, investment plan and performance agreement for the next road period (2020 to 2025).

It is also a long-term strategic framework to 2050 that will continue to inform future road investment strategies, our long-term strategy for the network, and the way our organisation works day to day. It will inform our future operations and decisions, to build on success and increase our economic contribution even further.

⁴Highways England, Strategic Business Plan, December 2014.

2. Our economic vision

Our vision for the SRN as an enabler for achieving sustainable economic growth is:

The strategic road network will continue to play a central role in contributing to UK prosperity by enabling businesses to benefit from safe, reliable and efficient movement of people and goods, connectivity to skills, and access routes to national and global markets.

By enabling the safe, reliable and efficient movement of people and goods, a well – functioning SRN enables sustainable economic growth by:

- Increasing productivity and reducing costs – improving the ability of businesses to compete
- Improving access of workers to employers – improving people’s access to job opportunities, and helping employers to access skilled labour markets
- Improving access to suppliers – helping businesses to strengthen their supply chains to get faster access to better components and services
- Facilitating deliveries to customers and connections to new markets – helping businesses to satisfy and expand their customer base.
- Facilitating agglomeration (clustering of businesses) – strengthening business performance through partnership, competition, and efficiencies.

3. Our role in economic growth

Drawing on thorough independent research, we have identified 4 strategic economic roles. Three cover the roles that the SRN can play in supporting the economy:

1. **Supporting business productivity and competitiveness, and enabling the performance of SRN-reliant sectors**
2. **Providing efficient routes to global markets through international gateways**
3. **Stimulating and supporting the sustainable development of homes and employment spaces**

We are a significant investor and employer and this means we make a substantial direct economic contribution within our own sector and to local economies. This leads us to identify a fourth economic role:

4. **Providing employment, skills and business opportunities within our sector**

We recognise that there is a wide range of economic characteristics between different regions of the country. There are particular divergences between urban and rural areas, central and coastal towns, and areas that are close to or far from the SRN. We will take account of those differences when analysing the importance and nature of our 4 roles within different areas.

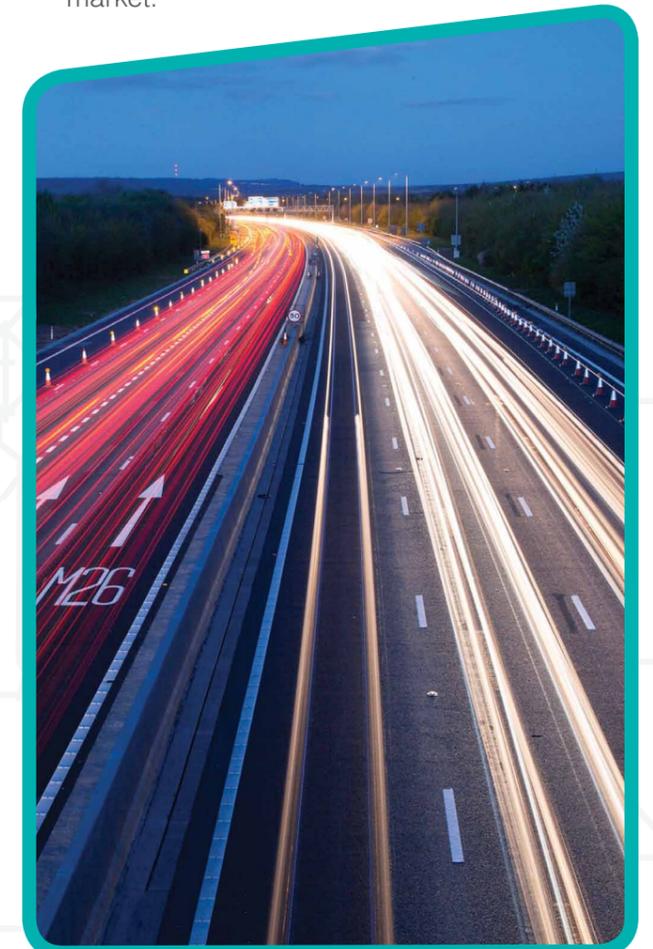
Sections 5 to 8 set out our approach to each of these economic roles, including the initial steps that we will take to introduce improvements.

4. How the SRN drives economic growth

The Government’s Green Paper Building Our Industrial Strategy⁵ sets out a vision to support, strengthen and develop different industries in order to improve living standards and economic growth by increasing productivity and driving growth across the whole country. The Green Paper sets out 10 strategic pillars to underpin a new government approach and our strategic plan supports 8 of these:

- **Upgrading infrastructure** – investment in the SRN as one of the UK’s largest publicly –owned infrastructure assets will be critical in supporting both national and local growth priorities.
- **Encouraging trade and inward investment** – enabling businesses to connect with global markets and facilitating inward investment in the UK.
- **Cultivating world-leading sectors** – supporting innovation and enabling sectors to efficiently connect with their supply chains and markets.
- **Supporting businesses to start and grow** – creating the conditions to enable business growth across a range of sectors.
- **Investing in science, research and innovation** – recognising the rapid changes that are taking place in mobility and future-proofing the SRN for future travel needs, including the advent of connected and autonomous vehicles.
- **Optimising our engagement of small and medium enterprises.**

- **Developing skills** – working within our sector to support capacity and capability.
- **Driving growth across the whole country** – the SRN plays different roles in different areas, but businesses in all areas require good connectivity to other parts of the UK and international gateways to facilitate access to markets, suppliers and the labour market.

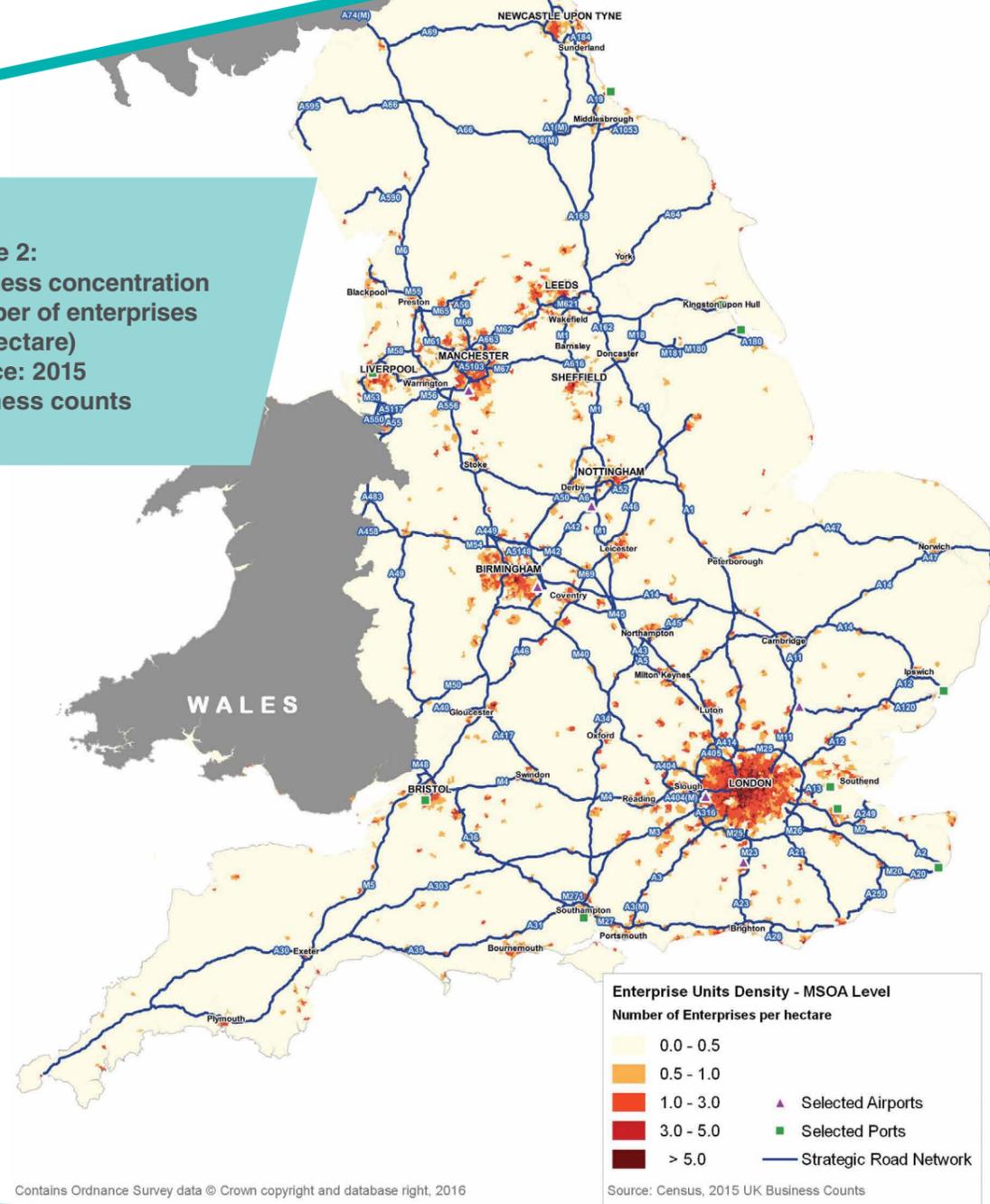


⁵Department for Business, Energy and Industrial Strategy, Building Our Industrial Strategy Green Paper, January 2017.

The economy and its relationship with the SRN

More than 9 out of 10 businesses in England (91%) are located within 15 kilometres (9.3 miles) of the SRN (Figure 2).⁶

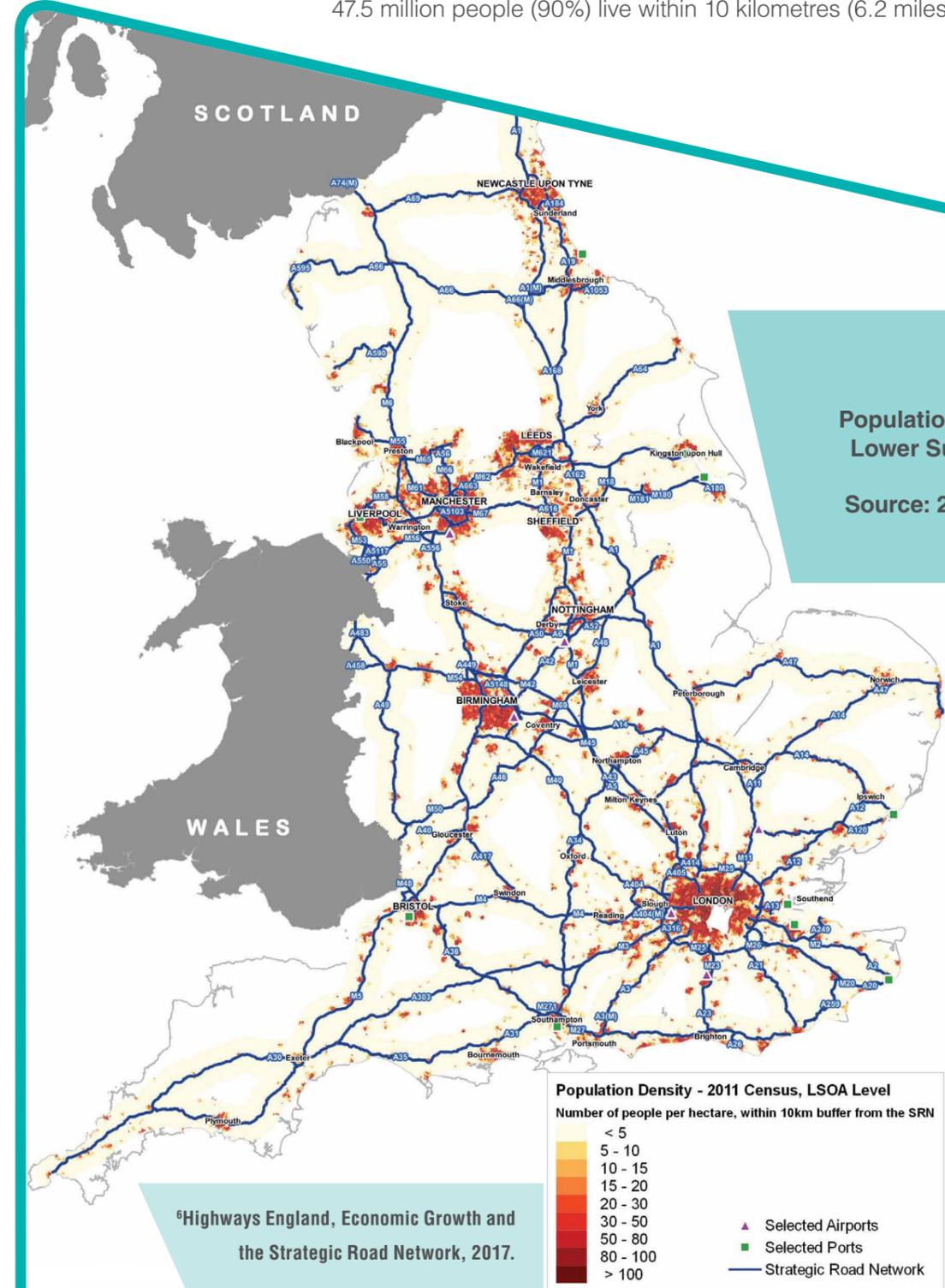
Figure 2: Business concentration (number of enterprises per hectare)
Source: 2015 Business counts



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47.5 million people (90%) live within 10 kilometres (6.2 miles) (Figure 3).⁶

Figure 3: Population density at Lower Super Output Area level
Source: 2011 Census



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The economy and its relationship with the SRN

The SRN is an essential ingredient for a thriving, sustainable and balanced UK economy, and supports social wellbeing.

Not all sectors have the same reliance on road connectivity and the SRN. We have identified the sectors of the economy that are the primary users of road transport services, based on sectoral interdependencies set out in the UK input-output tables.

Table 1 shows the sectors that have been identified as most reliant on the SRN.⁷ There are other sectors that are less reliant on the SRN, such as financial and business services which are often located in core urban centres served by a greater mix of transport providers.

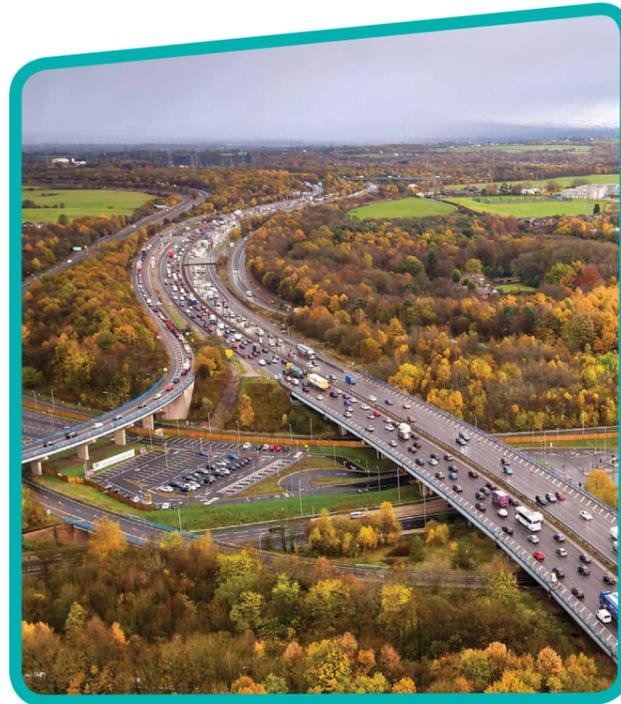


Table 1 – Business sectors most reliant on the SRN

Sector	Description
Logistics	Specialist hauliers, postal and courier activities, as well as warehousing, storage and other support activities to land. This also includes the movement of retail goods from distribution centre to retail location and from distribution centre direct to consumer.
Primary materials	This includes the extraction of coal, petroleum, natural gas, metal ores and other mining and quarrying activity.
Manufacturing	The movement of food, beverages, tobacco, wood and wood products, rubber and plastic products and other non-metallic mineral products (such as construction materials). This includes the automotive industry that uses the road network for both receiving parts and for sending finished vehicles to market.
Construction	Both a direct user of the SRN (in terms of moving vehicles used in construction) and heavily reliant on inputs of manufactured goods (such as non-metallic mineral products).

⁷Highways England, Socio-Economic Analysis, Future Forecasts and the Strategic Road Network, 2017.

Economic forecasts and related demands on the SRN

For the SRN to continue to support growth it needs to adapt to the changing demands and shifting patterns of economic activity. Access to transport is a key locational factor that can influence the industrial, office, residential, retail and leisure property markets.

Our work in supporting local plans tells us this, as does our wider analysis which clearly showed how recent speculative industrial development had been centred on the M1/M6/M25 corridors. This work however also shows that as economic confidence has grown and development has spread geographically, it has remained close to the SRN, for example around Warrington (M62) and Andover (A303/A34).⁸

There is increasing interest in facilities such as the Daventry International Rail Freight Terminal and growing demand for progressively larger distribution centres built to high specifications. Consumer demand created by e-commerce is transforming the commercial property market. Main distribution centres are increasingly supported by a network of local distribution units enabling superfast delivery to customers.⁹

Economic forecasts for sectors reliant on the road network show that concentrations of growth will potentially continue to be clustered around the SRN and international gateways.

It demonstrates the importance of the network in providing high-quality transport connectivity with centres of economic activity, and the significance of ports and airports to the functioning of these sectors. Forecasts for employment growth for SRN-dependent sectors show a number of locations where advanced manufacturing and high-value business clusters are important (see Figure 4, page 27).



At a national level, growth forecasts point to a potential rebalancing of the economy. Areas in the Midlands and the North have strong growth dynamics with productivity predicted to grow at a higher rate than in the South.

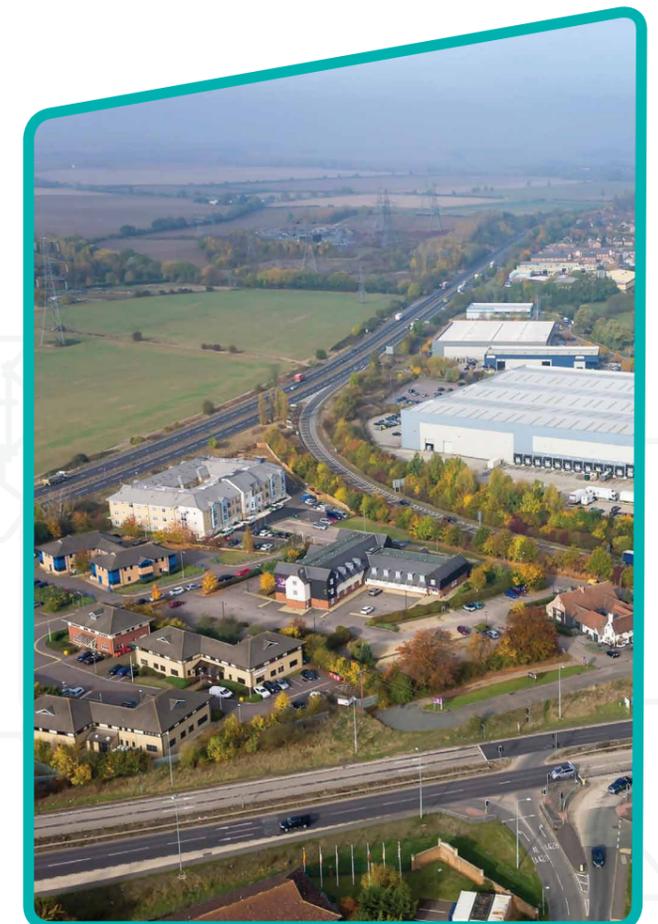
There are signs of growth spreading out of the capital, such as down the Thames Valley corridor to Bristol where employment growth is strong. Such rebalancing may be driven by a number of factors:

- A strong local economy supported by market demand
- Specialisation and clustering of economic activity in places where there are advantages from being near to international gateways and high-quality transport links
- Spillover benefits from agglomeration through connectivity with centres of high economic activity and access to a large pool of skilled labour

As an island nation, international trade has been important to the growth of the economy. The UK is critically dependent on its ports, airports and the Channel Tunnel, and the SRN is fundamental in facilitating these international movements.¹⁰

However, the development of new roads is not solely sufficient to support economic activity.¹¹

Transport investment needs to be planned with an understanding of the local economy and its sectoral strengths and weaknesses, and the quality of the existing infrastructure in the area.



⁸Highways England, Commercial Development and the Strategic Road Network, 2017.

⁹Highways England, Commercial Development and the Strategic Road Network, 2017.

¹⁰Highways England, International Gateways and the Strategic Road Network, 2017.

¹¹Highways England, Assessment of Growth Impacts, 2017.



5. Economic role 1

Supporting business productivity and competitiveness, and enabling the performance of SRN-reliant sectors



The SRN's role in supporting business productivity and competitiveness cannot be viewed in isolation but must be seen as part of a wider and integrated transport system, enabling regional and national connectivity. We will be cognisant of businesses' requirements in terms of accessing customers, suppliers, labour markets and international gateways, and will seek to enable future wealth and job creation.

As part of a wider and integrated transport system, a safe, reliable and efficient road network enables businesses to access customers, suppliers and labour markets. A free-flowing and resilient network – providing strong national and regional

connectivity – reduces business costs and risks and gives confidence to prospective investors. Some business sectors are more reliant on the SRN than others, making these effects more pronounced.

Our role

The SRN's role:

- Ensure that businesses can deliver their goods and services to clients and customers safely, reliably and efficiently.
- Ensure that people can get to work safely, reliably and efficiently.

- Ensure that businesses can access the skills and business partnerships they need to thrive and grow.
- Enable regional and national connectivity.

Highways England's role:

- Ensure journey safety, reliability and efficiency – reducing delays and the associated costs to business users.
- Ensure a resilient network.
- Collaborate with partners to achieve a national integrated transport system.

productivity and competitiveness is set against a background of increasing use of the SRN (89.7 billion miles in 2015¹³) and concerns voiced by both the public and private sectors about the wider economic costs of congestion.¹⁴

Why this is important

Almost three quarters of businesses regard tackling congestion on the road network as either critical or important to the future operation of their business.¹² Our ambition to support business



¹² CBI/AECOM, Thinking Globally, Delivering Locally: Infrastructure Survey, November 2016.

¹³ Highways England, Performance Monitoring Statements, Year End 2015-16, July 2016.

¹⁴ CBI/AECOM, Thinking Globally, Delivering Locally: Infrastructure Survey, November 2016.



- 151 billion tonne kilometres by road
- 23 billion tonne kilometres by rail
- 29 billion tonne kilometres by water

Our findings also demonstrate that expected growth is not confined to core cities.

Forecast growth in employment in SRN-reliant sectors presented in Figure 4 overleaf.

Our research has highlighted that a significant proportion of businesses are, and are likely to remain, heavily reliant on the SRN.¹⁵ Collectively, these SRN-reliant sectors contribute significantly to the economy, employing more than 7.4 million people and contributing over £314 billion in Gross Value Added (GVA) to England's economy.¹⁶

These factors driving change include: a shift in commercial office development to city centres and major towns; the growth in e-commerce; relocations away from London and the South East in order to achieve cost savings; and the increasing interest and importance of cross-modal locations at key national gateways, including ports, airports and rail hubs.

Each of these sectors has unique requirements in terms of accessing customers, suppliers, labour markets and international gateways. The current and future needs of SRN-reliant sectors vary considerably and these will become more complex in response to ever-changing consumer demand and behaviours and advances in technology.

Road freight contributes £11 billion to the UK economy,¹⁷ and continues to be the main method of transporting freight across the UK,¹⁸ with almost three times the quantity of goods moved by road than by rail and water combined:

The e-commerce sector is already one of the most influential sectors on the industrial and logistics market, with retail accounting for 38% of total make-up in 2015.¹⁹ As online consumers have become increasingly demanding, logistics operators have had to streamline and optimise their supply chains to ensure that next day (click and collect) deliveries can be guaranteed. This increasing need to move vast volumes of stock at a fast pace has resulted in requirements for progressively larger distribution centres built to high specifications in suitable locations near to consumers.

“Business needs certainty in order to deliver on investment” – Consultation response - District Council

¹⁵ and ¹⁶Highways England, Socio-Economic Analysis Future Forecasts and the Strategic Road Network, 2017.

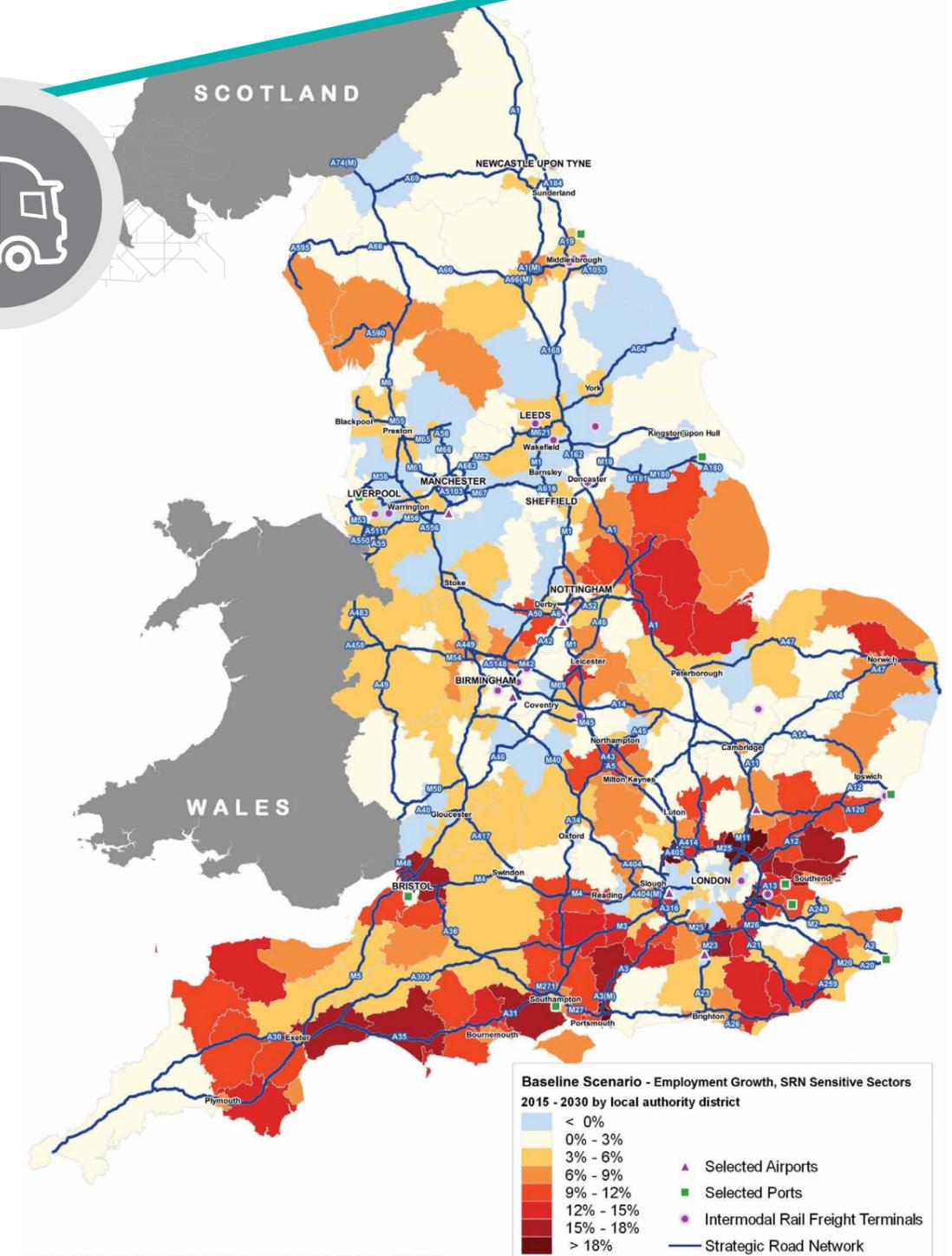
¹⁷ Department for Transport, Road Use Statistics Great Britain 2016, Statistical Release 7 April 2016.

¹⁸ Department for Transport, Domestic Road Freight Statistics, United Kingdom 2014, Statistical Release 26 November 2015.

¹⁹Highways England, Commercial Development and the Strategic Road Network, 2017.



Figure 4 – Percentage employment growth (2015-2030) in SRN dependent sectors



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What we do already

Our daily operations keep the network flowing, avoiding and reducing delays. For example, our traffic officers dealt with more than 45,000 incidents on the network in 2015-16 – incidents such as road accidents, vehicle breakdowns, and debris or other objects on the carriageway. More than 85% of these incidents were cleared within an hour. In our recent delivery plan (2016/17), we outlined how we have added 90 lane miles of extra capacity to some of our busiest sections of motorway and resurfaced more than 1,200 miles of carriageway.

We are working hard to make sure that we understand customer concerns and priorities. A key priority for business users is a free-flowing network and we are improving the way we manage roadworks and deal with incidents to reduce congestion and disruption.

At the regional level, we have developed a number of specific projects and studies to help businesses improve productivity and to grow. This work includes:

- Supporting the Government's ambitions for the Northern Powerhouse by accelerating the upgrade of the M62 to a 4-lane smart motorway, investigating the high-level case for the Trans-Pennine tunnel road scheme and the feasibility of constructing a new road link under the Peak District between Sheffield and Manchester.
- Directly supporting regional transport bodies (such as Midlands Connect, Transport for the North, England's Economic Heartland and others) in developing and implementing a long-term sub-national transport strategy.

- A major long-term study of the Midlands Motorway Hub (the 'Birmingham Box' and surrounding area) to inform how we prioritise improvements for a critically important section of the SRN that is relied on heavily by businesses travelling within and through the Midlands region.
- The new Lower Thames Crossing, which will also open up new and significant economic opportunities for existing and future businesses.
- The Oxford to Cambridge expressway strategic study outlining the high-level case for a route linking the functional economic areas of Oxford, Milton Keynes and Cambridge.

We are also investing in innovation research and development to make journeys more reliable and efficient, and to improve communications with our customers to enable them to plan their journeys more effectively. These include working with the Department for Transport and the freight industry on trials for freight platooning (lorry convoys) that should reduce journey times and could bring other savings for the logistics sector.

We are also working with other strategic transport bodies to improve the inter-connectivity between the SRN and other transport systems. For example, we have established a cross-modal partnership with Network Rail, the High Speed 2 Growth Partnership and the Department for Transport. We have also signed a Memorandum of Understanding with HS2 Ltd, and are working with them to deliver alterations to the SRN to allow the HS2 rail line to cross over or under the road along the length of the Phase 1 route. This will accommodate the development of new stations and the additional traffic anticipated around them.

Examples of these SRN schemes include:

- A new slip road on the M25 to support HS2 tunnelling work.
- Improvements to M42 junction 6 to improve the capacity of the junction to accommodate increasing traffic demand and to support access to Birmingham Airport and the National Exhibition Centre, as well as prepare for the new Birmingham Interchange HS2 station.
- Ongoing work with HS2 Ltd during the development of the project to identify improvements to connect the SRN with HS2 stations including the construction of the HS2 East Midlands station at Toton and Manchester Airport station.

The SRN does not exist in isolation from other transport networks. There is a need to strengthen cross-modal transport connectivity to help manage transport demand and supply better. Integration with the local road network, and particularly at key interchanges, must be taken into account when assessing the economic benefits of new investments. There are also large potential benefits from embracing the potential for modal shift onto the rail network for both people and businesses and for greater use of rail freight. We recognise the potential for improvements in rail access to alleviate pressure on the SRN.

Case study

Repairing broken road links to support businesses in Cumbria

Supporting business productivity and competitiveness has at times required a more flexible and urgent approach in order to respond to unexpected events such as the flooding in Cumbria in December 2015. We worked with Cumbria County Council to repair two sections of the A591, between Grasmere and Keswick, in need of urgent repair due to damage caused by the severe storms.

The Government made £40 million available to help repair roads and bridges in Cumbria and Lancashire, including the A591. The road provides a vital link for residents, businesses and visitors through the Lake District and is critical to Cumbria's economy.

Our work allowed the A591 to reopen almost 3 weeks ahead of schedule, making this route accessible again to vehicles and other road users. Because of the successful results achieved, we have reviewed how we could offer similar support in future emergencies, using our rapid response approach. Providing mutual aid to other organisations will become part of our wider crisis management response, rather than being established as a standalone project.

"We welcome the supporting aims that set out how Highways England intends to work collaboratively and across other transport modes to unlock constraints to economic growth. We look forward to seeing this approach put into practice as bodies work together to deliver national and regional growth."

Consultation response – County Council



Next steps to strengthen our approach

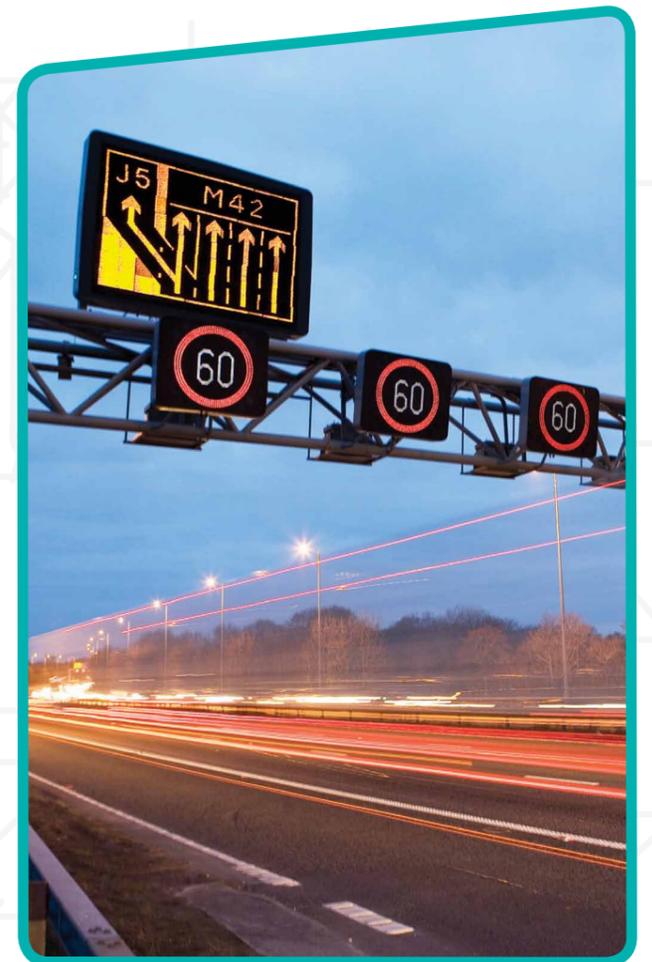
By delivering our commitments in RIS1 (the first Road Investment Strategy covering years 2015–2020) and ensuring that RIS2 (the second Road Investment Strategy covering years 2020–2025) is informed by the future needs of businesses we can make sure that the right foundations are in place to enable regional and national growth and prosperity.

We will extend and strengthen our engagement with businesses heavily reliant on the SRN.

We will work with them via existing stakeholder forums to identify the current and future requirements that these sectors have of the SRN and will use that knowledge to inform our operational and strategic planning. We have established a cross-modal partnership with the Department for Transport, Network Rail and the High Speed 2 Growth Partnership and will use this to explore how we can enhance domestic and international connectivity to better support business productivity and competitiveness.

We will share our economic evidence base with government to inform the National Industrial Strategy and the National Infrastructure Needs Assessment. Through the implementation of our Innovation, Technology and Research Strategy and our £150 million Innovation Fund, we will increase our external focus to identify potential partners, opportunities and new areas of research and technology, including identifying new paths to market where our partners can share risk and reward. In response to our evidence findings and consultation feedback, we will assess the future SRN requirements of the energy, e-commerce and agri-food sectors.

We are confident that as we implement these next steps we will make a major contribution towards achieving our goal of supporting business productivity and competitiveness. By meeting our basic obligations, cementing new and existing partnerships, and embracing innovation, we will deliver a road network that will meet the challenges of a rapidly changing global economic environment.





6. Economic role 2

Providing efficient routes to global markets through international gateways



Within a rapidly changing global trading environment, our interventions will be cognisant of the need to boost UK export capability, reliable access to international markets and underpinning the case for investment in England.

The SRN plays a key role in enabling international connectivity and trade by providing reliable and resilient access routes to global markets, via the country's network of international ports, airports and the Channel Tunnel.

As an island nation, our ability to trade internationally is essential. Excellent connectivity to our major international gateways is critical to meeting the

needs of the national economy. The UK economy depends on its physical access to world markets through these facilities.

Given that more than three-quarters of imports and exports leave and arrive at these international gateways by road, the role of the SRN in connecting them to the rest of the UK is vital for international trade. This role is especially important for supporting road-reliant sectors, including manufacturing, services and logistics.

Operating conditions are critical. Patterns of global trade strongly influence the roles of different gateways within the UK. Ports are important for transporting large volumes of goods, while airports

provide business connections to major European and global cities, both supporting inbound tourism into the UK and also moving high-value freight such as components in advanced manufacturing. Freight operators require reliable connections from ports to the UK's major centres of population, while people need fast and convenient access to airports. In both cases, operating conditions on the SRN are critical.

- Facilitate additional capacity and productivity gains by optimising connectivity to, and between, our gateway ports and airports.
- Handle effectively disruptive events at key gateways.

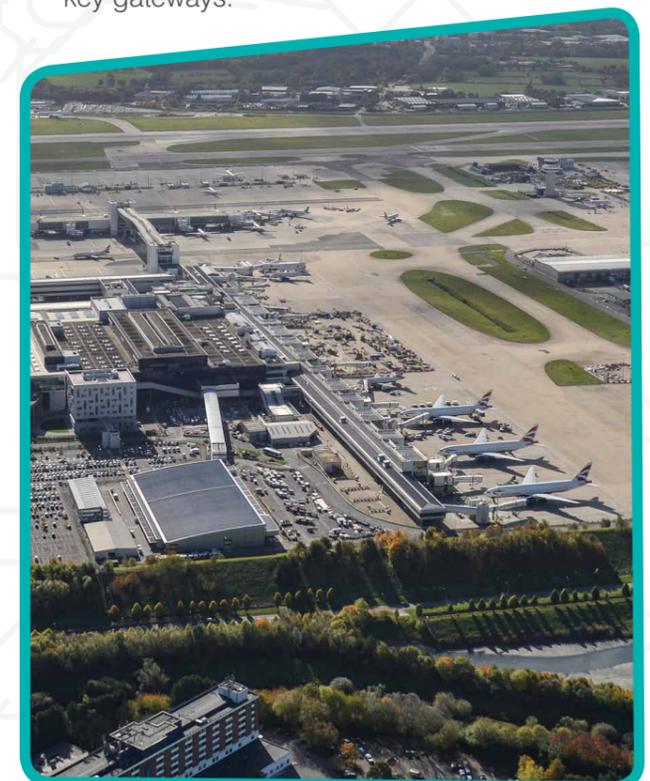
Our role

The SRN's role:

- Provide reliable and safe journeys to and from major gateways and cross-modal transport hubs.
- Enhance the attractiveness of UK investment locations and connectivity to international gateways.

Highways England's role:

- Invest to address capacity and access constraints around gateways.





Why this is important

Delays on the SRN affect the efficient movement of goods and people to and from the key gateways in England.

Figures 5 and 6 (page 36) show daily traffic flow and level of delay to vehicles travelling on the SRN near the key gateways.

Figure 5: Daily traffic flow around international gateways

Source: Highways England, International Gateways and the Strategic Road Network, 2017.



Contains Ordnance Survey data © Crown copyright and database right, 2016



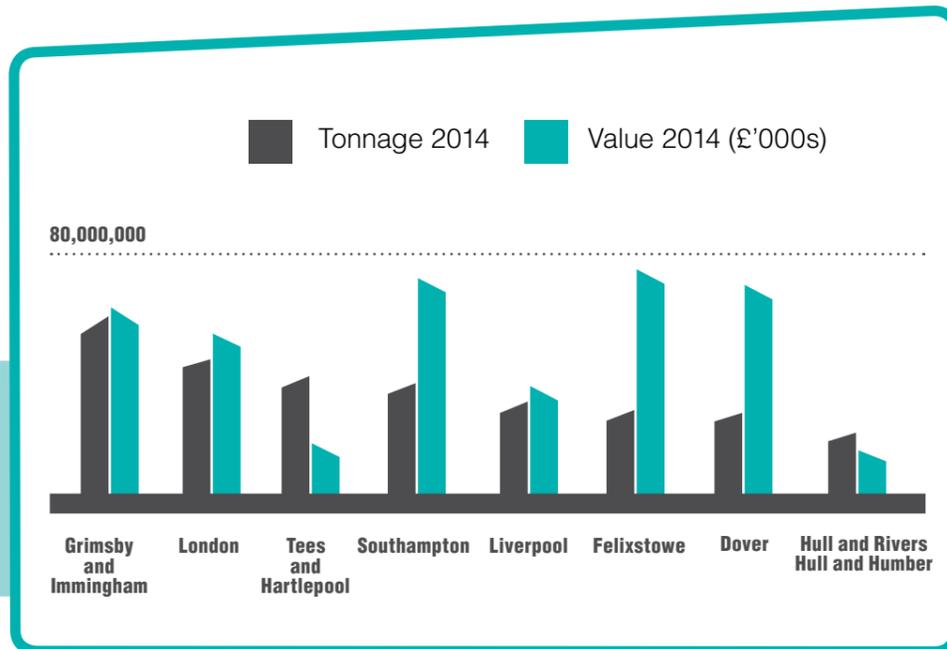
Figure 6: SRN delays around international gateways

Source: Highways England, International Gateways and the Strategic Road Network, 2017.



Contains Ordnance Survey data © Crown copyright and database right, 2016

Figure 7: Ports – tonnage handled and value comparison (2014)²¹



Ports are highly reliant on effective road connections. They support manufacturing sectors and are key cross-modal points for the logistics and distribution sectors. Ports handle 95% of UK trade by volume and 75% by value, although the concentrations of value and volume vary; proportionally the value to volume of cargo is greater in southern ports such as Dover, Felixstowe and Southampton as can be seen in **Figure 7.²⁰**

Delays increase freight costs, which have an impact on the competitive advantage of parts of the UK. The pressures that port traffic puts on the SRN vary greatly between the different locations. Ports that are in the heart of a city such as Liverpool, Hull and Southampton encounter local congestion, while traffic from ports that are not close to large centres of population such as Immingham and Felixstowe can sometimes suffer

delays further afield. Understanding how the SRN supports port operations is therefore important to understand how we should maintain, operate and modernise the network.

Airports foster economic activity by encouraging commerce and tourism, and by generating employment. They play a leading role in the economic development of a region and are critical to the competitiveness of the economy.

More people than ever before are flying from UK airports.²² Freight is an important part of an airline's commercial model for viable flight destinations. Effective surface access is essential to help airports' operations both now and in the future. While more journeys are made by public transport, airports will continue to need effective access from the road network.

“70% of businesses rate faster road and rail access to the UK’s airports as either ‘critical’ or ‘important’ to their operations”
CBI/AECOM Infrastructure Survey 2016.

Most airports are near busy parts of the SRN or wider road network, with high traffic flows and higher levels of congestion. Heathrow, Birmingham and Manchester airports, while also accessible by rail, are all served by motorways carrying large volumes of commuting and longer-distance traffic that sometimes suffer heavy delays.

Major airports have wide catchment areas that are heavily influenced by journey times to and from the airport. Delays on the SRN increase journey times to the airports, having an impact on connectivity to global markets for both business travel and goods, and thereby on the wider attractiveness of areas as economic hubs. The Airport Operators Association estimates that a 5% improvement in average journey times to and from airports could deliver an additional £1.9 billion to the UK economy.²³

“Our investor survey shows how critical infrastructure and skills are to investors. The plans for improvement in these areas must be delivered, especially airport and road capacity and ICT skills.”
Positive Rebalancing, EY’s Attractiveness Survey 2016, E&Y

The Channel Tunnel plays an important complementary role to the Port of Dover in the movement of freight and people between the UK and Europe. Both have ambitious expansion plans for the next 10 years and thus are a potential source for future growth and demand on the surrounding network, in particular the strategic road corridors through Kent.

The SRN, along with the wider railway network, also supports journeys to and from ports and airports in Wales, Scotland and Ireland. These gateways play, to greater or lesser extents, important economic roles. Further work is required to fully understand these routes and their reliance on the SRN.

Looking ahead

International patterns of movement will continue to evolve for both people and goods. While these precise patterns are unclear, it is likely that new controls for how people and goods enter and exit the country will have an impact on the SRN.

“A key strategic economic role of the SRN is enabling international connectivity and trade by providing improved access routes to European and global markets via its international gateways. The Port of Dover fully endorses this approach, particularly at this critical time for the nation as we look to continue an effective trading relationship with the rest of Europe and stimulate economic growth.”

Consultation response – Port of Dover

²³ Airport Operators Association, Connecting the UK’s Economy: How Better Access to Airports Can Boost Growth, 2016.

²⁰ and ²¹ Highways England, International Gateways and the Strategic Road Network, 2017.

²² Civil Aviation Authority. UK airport passenger numbers continue to break records but punctuality hits five year low, Press Release, 7th March 2016.

What we do already

We are investing in several road connections to international gateways to ensure that they fulfil their economic potential. Our current delivery plan²⁴ has a number of schemes across the country that will bring direct benefits to ports and airports. Through our regional teams, we support and work closely with individual port and airport operators.

Ports and airports across the country have significant investment programmes of their own. Port-centric developments (such as London Gateway) and port capacity enhancements (such as Liverpool 2) have the potential to reduce traffic on the SRN, the former by moving the supply chain closer to ports and the latter by imports and exports entering or leaving the country closer to their final destination.

Ports and airports in particular are important employment locations in their own right, with the larger gateways employing several thousand people. As a result they are also catalysts for wider economic activity.

SRN as traffic joins or leaves the network closer to its origin or destination.

The A5036 is the main road linking the port to the motorway network. Through RIS1 we will develop a scheme to improve road safety and add capacity to facilitate growth at the port. This road-based solution is part of a much wider set of proposals to deliver transport measures that will improve port access and support the port to grow.



A5036 main road to Liverpool port

²⁴ Highways England, Delivery Plan Annual Update, 2016-17, July 2016.

Case study

Improving access to Liverpool port

Investment in the Port of Liverpool will increase the port's attractiveness as an international gateway, especially for freight movements, as it will allow it to accommodate 95% of the world's fleet of global container vessel types. This will lead to increased use of the port and thereby increase demand on the road network to access the port. It may also lead to the release of capacity elsewhere on the

Next steps to strengthen our approach

We will support international trade and inward investment by:

- Enabling and enhancing export capability.
- Providing reliable road access to international suppliers and markets.
- Supporting inward investment decision-making
- Enabling in-bound business and leisure tourism.

We will work closely with the operators of major international gateways and SRN-dependent sectors to better understand how the operation of the SRN meets their operational requirements. Furthermore, we will work with the Government and port and airport organisations to understand the trends and issues affecting international gateways. This will involve building a deeper understanding of the 'whole journey' requirements of companies that use our international gateways and specifically any issues relating to the interface between the SRN and local road networks.

We will seek to secure port and airport operator representation on our Sustainable Development Steering Group and collaborate with other strategic transport partners to explore options that improve cross-modal connectivity around international gateways.





7. Economic role 3

Stimulating and supporting the sustainable development of homes and employment spaces



We will continue to strengthen our role as a proactive partner in the planning system to stimulate the development of homes and business spaces.

The connectivity and capacity of the transport system serving a location has a significant effect on the local demand for homes and employment spaces. The SRN therefore underpins and can stimulate the development market, whilst also supporting the employment and housing options for local people.

Highways England, through its planning role, supports the sustainable delivery of jobs and homes while ensuring that the SRN,

both locally and nationally, remains available for its primary function of enabling long-distance strategic journeys across the country.

Our role

The SRN's role:

- Stimulate the housing and employment market in particular locations.
- Accommodate the traffic impact of meeting the government's housebuilding target.
- Connect new and existing homes to jobs.

Highways England's role

- Be an active and responsive part of the planning system by taking a proactive approach in our spatial planning role, helping to ensure that new developments are well located and planned for, and the travel demands they create are also managed and planned for.
- Work with local partners to understand and address the transport impact of spatial planning aspirations.
- Work collaboratively with developers to identify what works are necessary on the SRN to mitigate the transport impact created by new developments.
- Facilitate the delivery of developer-funded works to enable the SRN to accommodate the traffic created by new developments.

Why this is important

Employers operate from the location that best suits their business requirements in terms of access to customers, supply chain and employees.

This will vary according to the type of business and the skill base of their employees.

Location is equally critical to decision-making for the residential market both for the house builder and the potential purchaser or occupier. Sites in good locations, for example in close proximity to good transport links, and of sufficient size to allow a flexible construction programme are attractive. Developers tend to focus on significant catchment populations and proximity to job opportunities.

Delivering housing is a priority for the Government. It has a target of 1 million new homes built by 2020 and the February 2017 Housing White Paper²⁵ sets out radical, lasting reforms to meet that target. Various measures were introduced in the 2016 Chancellor's Autumn Statement to help facilitate this, including the £2.3 billion Housing Infrastructure Fund which will target the areas of greatest housing need by unlocking the delivery of new homes and enabling economic development.

²⁵Department for Communities and Local Government, Fixing our Broken Housing Market, White Paper, February 2017.



Accordingly, locations for new homes and jobs that reduce time and distance of journeys will improve both cost and environmental efficiencies. These locations tend to be adjacent or highly accessible to the SRN which means we clearly have an important role in working with planning partners to facilitate the sustainable delivery of new jobs and homes throughout the country.

What we do already

Highways England is a statutory consultee in the spatial planning system. Each year we are consulted on more than 3,500 strategic housing land availability assessments, employment land

availability assessments, Local Plans and planning applications. In 2015-16 we responded to 99.9% of planning applications within 21 days and recommended indefinite non-approval to just 3 planning applications.

While our primary objective remains ensuring that the network delivers the safe and efficient movement of goods and people, we are committed to being a proactive planning partner. We help local authorities and developers to make sustainable and practical plans for growth. We advise them on the most suitable sustainable locations for new homes, and business spaces that can promote sustainable transport outcomes and make best use of the capacity on the SRN. We work with them to understand likely travel

impacts to develop designs and travel management plans for their development that reduce the need to travel by car, improve accessibility by all modes of travel, and avoid unnecessary works to the SRN.

We have produced a planning guide²⁶ that describes our proactive approach in all stages of the planning system and the issues we look at when considering draft planning documents and applications. We encourage all parties promoting and preparing plans or planning applications that may have an impact on the SRN to engage with us as early as possible. This enables us to work together to understand impacts, and to agree the most appropriate actions required to ensure that the development proposal is sound and deliverable. Early engagement potentially saves time and money by facilitating quicker development delivery.

We aim to undertake our statutory planning obligations in a consistent, pragmatic and positive way. By looking at where we respond to planning applications we can see different patterns of

development activity, including where there are large housing or employment sites being brought forward. Our multi-layered mapping tool (**Figure 8**) enables us to see information about our responses to planning consultations over the past 10 years as well as information about adopted Local Plans, Enterprise Zones and other planning – related information.

²⁶Highways England, **Planning for the Future: Guide to Working with Highways England on Planning Matters**, September 2015.



Our £100 million Growth and Housing Fund (GHF) is unlocking stalled developments, by combining with developer funding to provide SRN improvements to safely accommodate the traffic generated by new development, where this would otherwise make the development financially unviable.

As at March 2017, we have approved 13 investments contributing over £40 million to projects around the country, which have the potential to unlock up to 34,000 jobs and 22,000 homes within the current road period and beyond. We are appraising all remaining GHF scheme proposals, and will confirm our funding decisions as they are made and by the end of 2017 at the latest.

Confirmed GHF schemes are listed at <https://www.gov.uk/guidance/highways-england-supporting-growth>.

Highways England chairs a Sustainable Development Steering Group which includes representatives from the development industry. This group meets regularly to discuss the issues around the delivery of sustainable development located close to the country's SRN.

“Highways England’s stance on proactive planning that supports the sustainable development of homes and employment spaces is clearly welcome. It builds on efforts made over recent years to instil a more ‘solutions focused’ approach from Highways England in their asset management teams and consultants.”
Keith Mitchell – Chairman, Peter Brett Associates.

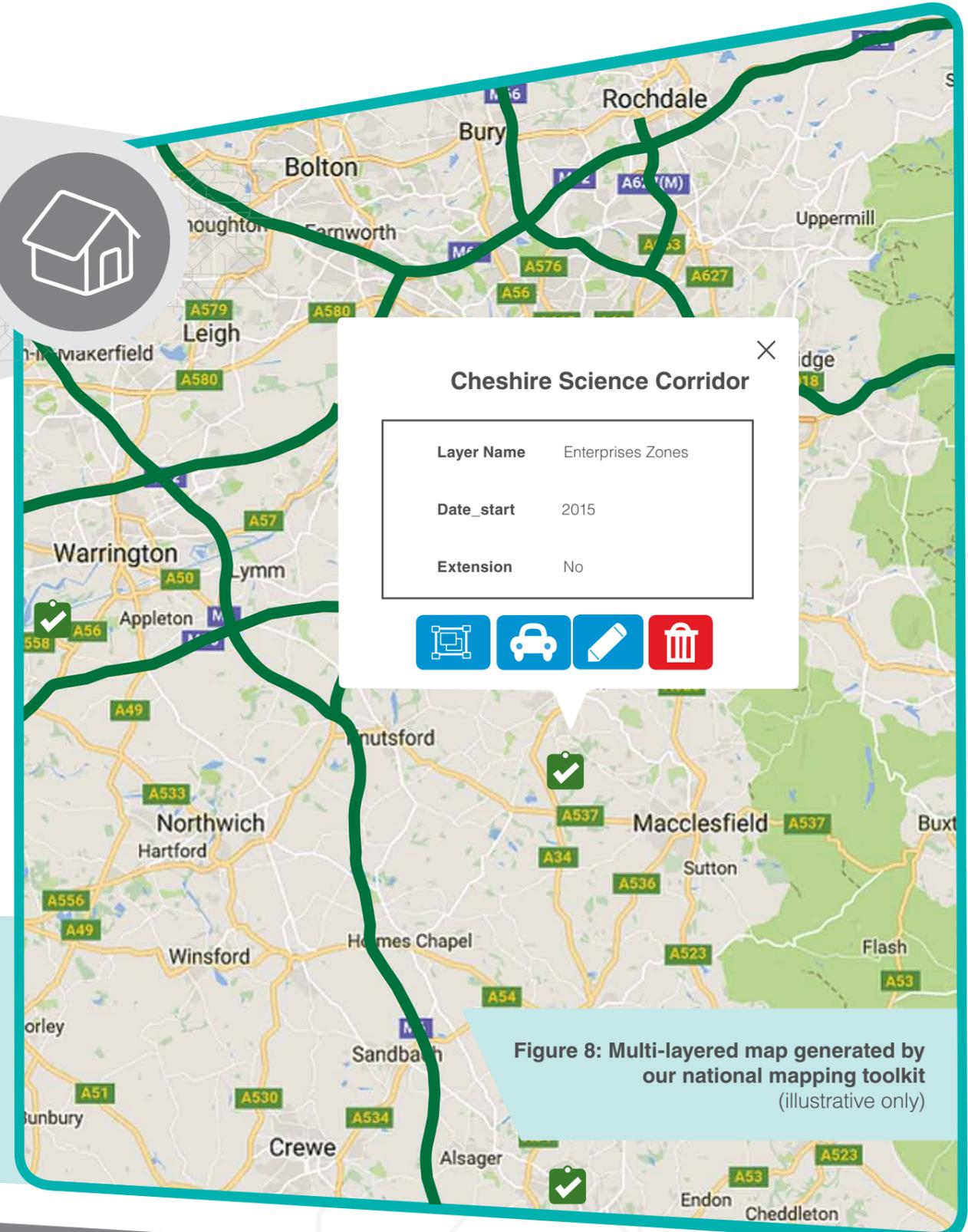


Figure 8: Multi-layered map generated by our national mapping toolkit (illustrative only)



Case study

Working collaboratively to enable development in Devon

The Skypark Business Park and the low-carbon Energy Centre developments are part of the Exeter and East Devon Growth Point's vision to realise the full economic potential of the area. Other developments include a science park, a freight terminal and a number of new housing developments, including the free-standing new low-carbon community of Cranbrook. All are located close to the M5 and A30 SRN.



The Exeter and East Devon Growth Point is expecting to deliver 20,000 new homes and more than 25,000 jobs over the next 10 to 15 years. With an Enterprise Zone designation due to go live in April 2017 the area is poised to deliver accelerated growth.

We work collaboratively to understand the impact of developments and identify mitigation works that facilitate the sustainable delivery of the developments, while ensuring that the SRN remains available for its primary function. Recently, a £4.5 million GHF grant has helped to bring forward stalling developments.

“Highways England has been a study partner, playing a major role in helping to both formulate and implement a phased transport strategy to unlock this major growth programme”
Andy Wood, Projects Director at Exeter & East Devon Growth Point.

the potential time and resource benefits to developers of pre-application engagement. We will seek to strengthen our mapping capability to better understand the collective economic impact of the SRN and assess how we can provide access to this tool for all our planning partners.

In partnership with the Department for Communities and Local Government (DCLG) and the Homes and Communities Agency (HCA) we will explore how we can work more collaboratively together to enable the delivery of more homes. We will continue to use our GHF to accelerate the sustainable delivery of stalling housing and employment development sites by providing matched funding and exploring options for expanding the current criteria.

Next steps to strengthen our approach

We will meet the goal stipulated in our licence to support local and national economic growth and regeneration. We will seek to encourage greater early engagement by highlighting

We will work with the Government to explore the possibility of developing new financial models such as joint ventures and loans to help us fund the delivery of SRN infrastructure to support sustainable development and build on the early successes of the GHF.



8. Economic role 4

Providing employment, skills and business opportunities within our sector



We will build on our role as a major employer and investor to expand the number and range of job opportunities, improve skills, and support innovation within our sector.

As a direct employer and significant investor, we directly provide nationwide employment, skills and business development opportunities within our supply chain and sector.

We have major direct and indirect impacts on the economy and on the business sector through our investment programme. We account for more than a quarter (27%) of the Department for Transport's investment,

and more than 40% of the country's overall investment in road infrastructure.

We also contribute to the UK's economy through: the employment and skills development opportunities we offer our staff; the way we support innovation; and the way we collaborate to support the development of our sector as a whole.

"We are supporting record investment in rail, roads, ports and airports. This investment won't just deliver new world-class infrastructure, it will create opportunity for people across the UK. We are ensuring that every part of Britain benefits from a

growing economy and that everyone who works hard gets the opportunities they need to succeed. Transport infrastructure investment of this scale is creating thousands of jobs opportunities throughout the country."

Secretary of State for Transport, 2016.

Our role

As an organisation, there are 4 areas of our work that deliver an important direct economic contribution within our own sector and to local economies:

Our role as an employer:

- Employment of a large and diverse national workforce.
- Boosting the skills of our staff.
- Supporting the career development of our staff.

Our role as a procurer:

- Enabling UK businesses and in particular small and medium-sized enterprises (SMEs) to compete effectively to secure Highways England contracts.

Supporting skills and business development in our sector and supply chain:

- Working with our supply chain to develop sector capability, capacity, and productivity.

Supporting innovation in our sector and other related sectors, such as automotive:

- Collaborating on innovative new technologies and techniques that boost UK competitiveness.



Why this is important

We make a direct contribution to the UK's economy through the scale of our capital investment programme, the development of supply chains, and the skills and careers of our employees:

- In the third quarter of 2016, 26% of our expenditure was with SMEs, and we have committed to raise this to 33% by 2020.
- Our supply chain includes hundreds of different businesses.
- We currently employ the full-time equivalent of just over 4,000 people. This is set to increase by

approximately 25% through to 2020 to provide the capacity to deliver our investment programme.

- The current Highways England supply chain has a workforce of around 21,000 people. This is set to grow reflecting the increasing scale of our investment programme.

Future challenges

- Demand within the construction sector is forecast to grow over the next five years, creating a forecast requirement for 178,000 additional people.²⁷

“When it comes to skills and labour, we know we are facing a shortfall if we are going to keep up with demand.”

Sarah Beale, Chief Executive of the Construction Industry Training Board²⁸

What we do already

We already have some measures in place that support this economic role.

Our role as an employer:

- Our equality, diversity and inclusion action plan ensures that we have a diverse and inclusive working environment in which the differences of individuals are understood, valued and respected. This will enable us to attract a greater diversity of recruits from a wider talent pool.
- We work with schools, colleges and universities to promote careers with us and within our sector. This includes activities

targeted at specific diverse demographics to widen our recruitment pool.

- We now offer apprentices career progression that recognises different levels of skills development, and prepares them to compete for a permanent role within Highways England.

Our role as a procurer:

- Where appropriate, our contract terms and conditions now ensure that our contractors:
 - Provide apprenticeship placements, proportionate to the type of work and workforce required.
 - Provide a proportionate number of employment opportunities for long-term unemployed people.
 - Maximise opportunities for the sub-contracting of SMEs.

²⁷Construction Industry Training Board, 2017.

²⁸Department for Transport, Transport Infrastructure Skills Strategy: Building Sustainable Skills, Moving Britain Ahead, 2016



- We aim to pay at least 98% of invoices within the contracted payment terms (99.8% in 2015/16), and at least 80% of invoices within 5 working days of receipt (97.35% in 2015-16).
- All contracts we award are advertised on the Contracts Finder website, enabling potential sub-contractors to seek work opportunities.
- In the East Midlands, we have transferred some of our supply chain staff into our organisation, and are rolling out this approach in parts of the North West, North East and across the South West. This approach will be phased into other regions over the next few years. This allows us greater control over the procurement of sub – contracts. For example, it allows us to divide previously large contracts into more

specialist lots, which will enable more SMEs to contract directly with us rather than via a prime contractor. In the East of England, we are trialling the division of large programmes into small geographic patches, to enable the engagement of local SMEs.

Supporting skills and business development in our sector and supply chain:

- Our Supplier Recognition Scheme recognises excellent standards and performance against a number of criteria, and spreads this good practice across the sector.
- Our Roads Academy leadership programme, launched in 2010, provides a postgraduate



certificate-level qualification for our sector. There have been 92 graduates to date.

- Our major construction contracts now require contractors to apply for National Skills Academy accreditation from the Construction Industry Training Board (CITB). Nine Highways England projects have so far been accredited, reflecting the contractor's commitment to:
 - Create local job opportunities.
 - Recruitment and training.
 - Work with local businesses.
 - Engage with school pupils to raise the profile of careers in construction and science, technology, engineering and maths (STEM).
 - Community initiatives and volunteering.
- Many of our graduates and apprentices carry out successful work placements in our supply chain to gain vital construction experience. We are exploring expanding these to other parts of the transport sector. In addition, we have hosted similarly successful work placements for members of our supply chain. We are exploring how we can increase secondments in

both directions to provide development, career progression and support capacity requirements for both us and our supply chain.

Supporting innovation within our sector, and other related sectors such as automotive:

- Our Innovation Fund supports projects in our sector and related sectors. These support exports of new technologies, products and expertise, and encourage related businesses and research establishments to invest in the UK, creating new jobs.
- We have signed a memorandum of understanding with the Transport Systems Catapult to allow closer working on innovation and research. Together we are breaking new ground in the fields of technology-based simulation and traffic prediction modelling.



Case study

Supporting the development of innovative technologies

We are working with the Centre for Connected and Autonomous Vehicles at Cambridge University to support the research, development and demonstration of connected and automated vehicles (CAV).

Connected and automated vehicles incorporate a range of different technologies, facilitating the

safe, efficient movement of people and goods. The use of on-board sensors and systems allows the vehicle to understand its global position and local environment. This provides the driver and road operator with valuable information about road, traffic and weather conditions, allowing them to plan around upcoming delays or plan an alternative route.

This connectivity can increase safety and journey efficiency (with benefits for business productivity),

but also provides the potential for vehicles to travel in convoy, which would have obvious applications to the freight sector. Sections of the SRN provide a good environment to safely test this emerging technology as they are relatively controlled road environments with clearly defined carriageways, CCTV technology to monitor driver behaviour, and few physical hazards such as pedestrians, cyclists and road furniture.

We are already supporting a number of CAV trials:

- The UK Connected Intelligent Transport Environment connected vehicle trial by April 2018, where we are working with Jaguar Land Rover, Coventry City Council, Visteon, Vodafone and others.
- The A2/M2 connected corridor, working with Transport for London and Kent County Council and supported by the Automotive Electronic Systems Innovation Network.
- The HGV platooning trial working with the Department for Transport.

- We have committed to an autonomous vehicle trial by December 2017. We are also supporting the trials of driverless vehicles in four cities as a member of the advisory board. In addition, we are in discussions with a number of vehicle manufacturers about future trials.

Evidence from our trials will help position the UK as the global hub for the research, development and integration of this new technology which is hailed as a hugely significant transformation in road travel.





Next steps to strengthen our approach

As a large employer, we are aiming to expand the number and range of our apprenticeships, creating more than 700 places by March 2021, and seeking to accredit our apprenticeships. Via the Universities and Colleges Admissions Service.

We are developing a stronger approach to staff learning and development, including career pathways, a new system of talent management and greater support to pursue professional qualifications.

As a major buyer, we will help suppliers by improving information about our proposed work programme and likely tender dates. We will investigate how we can make contractor procedures and required liability limits proportionate to the value of the project.

We will aim to roll out a pilot scheme for SME suppliers to be appointed a mentor from a large supplier to help them develop their business. We will also expand engagement through Meet the Buyer events, focusing on some of our large

programmes. More broadly, we will support the skills and development within our supply chain. To further support skills development in our sector and supply chain we are reviewing our Roads Academy by broadening its membership to allow more SMEs and individuals to join, and creating a route to a postgraduate qualification.

We will work with key suppliers to strengthen recruitment diversity standards to attract and retain a wider range of recruits.

We will support innovation across all sectors through a number of initiatives. This will include our new Test and Innovation Centre which will provide an off-road environment to enable companies to test highways-related equipment, materials and techniques. Working with the high-tech computer gaming sector, we will explore the potential for providing large-scale simulations of the road network to help us to identify potential improvements. Finally, to meet future research and innovation gaps we will explore the potential to develop a framework contract with universities

involved in transport and infrastructure-related research to make it easier to collaborate.

We are strengthening our approach in all four areas of our direct role in the economy, with benefits not only for our own performance, but also for our supply chain, sector and the UK economy as a whole. We have other ideas in the pipeline, and will keep pushing further, working with our supply chain and others in our sector.





9. Understanding economic locations and their relationship with the SRN

In order to achieve our strategic objective of supporting economic growth we need to distinguish between different types of location. We will do this by:

- Understanding their relative economic **significance**.
- Assessing their relative **reliance** on the SRN.

This understanding will help us to focus our efforts on the specific locations where investment in or around the SRN will have the greatest impact in terms of supporting the economy. For example, as part of the research stage for RIS2 we have taken account of economic locations identified by LEPs and incorporated this into the evidence base supporting route strategies. We will continue

to develop our approach to inform our SRN Initial Report. We will take a pragmatic and proportionate approach, recognising the very different economic characteristics that exist across the country. It must also be inter-connected, having the input both of our partners with local strategic priorities and of those carrying out planning and operating other transport networks.

Economic opportunity areas

We have developed a more refined understanding of the types of priority economic locations and growth opportunities that exist around the SRN and around the wider road and broader transport

network. We have identified types of locations that have significant interaction with the SRN. These Economic Opportunity Areas (EOAs) (Table 2) have been defined in terms of their common economic function and the spatial features of the location.

Table 2: Economic Opportunity Areas

EOA	Definition	Relationship with the SRN
International gateway	Entry and exit point for people and goods from UK ports, airports and Channel Tunnel	Highly reliant
Industrial cluster	Cluster of manufacturing or other road-reliant industrial activity	
Logistics cluster	Clusters of logistics and distribution activities (eg warehousing)	
Multi-modal transport hub	Strategic hub for multi-modal connectivity	Reliant
Tourism destination	Major visitor destinations, including one-off locations (eg theme parks), towns and cities with retail, sporting and other leisure attractions, and rural areas (eg National Parks)	
Research and technology centre	Business clusters supporting research or innovation activity (eg science park)	
National energy infrastructure	Sites or clusters of energy infrastructure of national significance	
Mixed employment cluster	Cluster of mixed employment (eg services and logistics)	Interdependent
Housing and mixed use	Cluster of proposed developments consisting of either solely housing sites or mixed housing and employment sites	
Urban centre	Major urban centres for employment and housing	



Having a consistent framework will enable us and our partners to better make the business case for investment by providing a comprehensive narrative of the wider economic impacts.

Working with our partners to establish and refine identified EOAs will provide us with:

- A solid understanding of how different sub-national, regional and local economies operate within the national context, and which economic sectors are more likely to be responsive to activity and investment in and around the SRN.
- Greater knowledge of whether productivity or employment growth is a key priority for local economies.
- An approach that enables us to respond to

wider economic policy objectives; for example, the extent to which the methodology might shape investment decisions that rebalance focus away from highly congested parts of the network to locations where capacity exists.

- A platform for an agreed, seamless and integrated pathway to economic growth jointly committed to by us and our partners in the transport and local authority sectors.

Next steps

Our conversations with all 39 LEPs identified a great variety of individual strategic economic locations. These varied in size, scale and, from a national perspective, relative significance to

the national economy. We will work with stakeholders and industry bodies to refine our approach to identifying and better understanding important economic locations. This will be evidence-led, ensuring that its future use within wider investment decisions is robust.

We will work with sub-national and regional transport bodies, LEPs and others with a strategic role in driving economic activity in their area to understand how location and journey distances affect business behaviour. This will ensure that the understanding of the impacts of EOAs is shared. We will also ensure that the evidence base is reviewed and updated.

We will develop ways to visualise and share evidence on the SRN and economic growth, including through open data platforms.

We will continue to develop our economic evidence base and the appropriateness of EOAs through our day-to-day operational work as well as our strategic engagement with partners and other stakeholders.





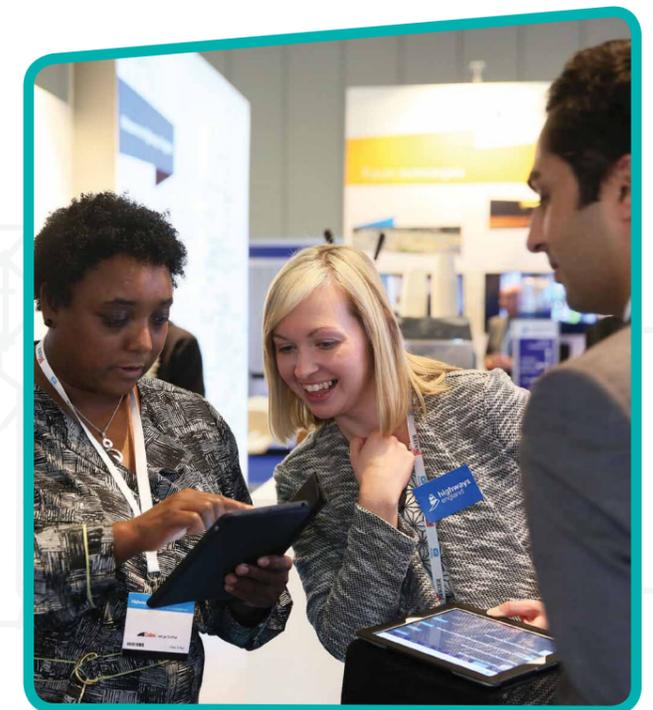
10. Measuring our impact

The 4 strategic economic roles will inform how we measure our performance to facilitate our goal of supporting economic growth. In particular, for RIS2, we intend to move towards a more effective suite of indicators than exist under RIS1 to evaluate and demonstrate our economic role. We have already started to look at potential performance measures and further analytical work will continue.

We have already made progress in assessing the relationship between our investment in the SRN and economic growth through the following actions:

- We have agreed with the Homes and Communities Agency and development sector bodies such as the British Property Federation (BPF) the selection criteria for appraising schemes part-funded by the GHF.
- We have undertaken an assessment of the user costs for the whole of the SRN.²⁹
- Our mapping tool combines several layers of geographic information relating to the economy and the SRN, including adopted local plan data and the number of homes and jobs generated from planning applications we are consulted on.

- We have assessed the local economic growth impacts (direct and indirect) generated by a selection of major SRN schemes begun before RIS1.³⁰
- We have responded to the Department for Transport's consultation on the valuation of economic impacts of transport investment.³¹



²⁹Highways England, *Considering the Economic Significance of the Strategic Road Network*, 2017.

³⁰Highways England, *Assessment of Growth Impacts*, 2017.

³¹Department for Transport, *Understanding and Valuing Impacts of Transport Investment (Updating Wider Economic Impacts Guidance)*, September 2016.



11. Conclusions and next steps

Our comprehensive approach to developing *The Road to Growth* shows that we are serious about delivering our commitment to support the economy. It has sharpened our focus on our strategic role in economic development and increased our understanding of our economic impacts. In all our work, we will seek to continually challenge ourselves to consider the impacts of our decisions and operations on businesses located close to the network and on those who rely on it to move their goods and people.

We have closely examined our current and potential contribution to the economy. We have engaged with partners and stakeholders to increase our understanding and to help us challenge our goals

and strategies for achieving them. We will continue to embed this economic awareness across our organisation to inform our planning and our day-to-day activities and to adapt our ways of working to enable us to be more responsive. As we implement this strategic plan, we will continue to review many aspects of our operational approach and processes to identify changes to increase our economic impact. This includes reviewing our investment decision-making and evaluation processes to strengthen our consideration of the wider economic benefits, and working with the Department for Transport to develop new economic indicators to ensure that our performance agreement for the next road period includes a broader set of measures examining our economic impact.

As we implement the principles of *The Road to Growth* we will continue adding to our economic evidence base, and will seek opportunities for even more effective collaboration.

Our regional teams will continue to engage directly with local authorities, LEPs, and sub-national transport bodies across the country to explore how we can support their growth aspirations. While our primary goal is to ensure that we maintain a safe network, we will adhere to our planning values, listening and engaging openly to explore economic aspirations and opportunities, and any perceived constraints and barriers to economic prosperity, and work with partners to identify options to address these.

Publication of this strategic plan is just the first step on a long journey. It is underpinned by clear actions that will help us to continue this dialogue and analysis, and to lay the foundations for partnerships and decisions that will allow us to strengthen our approach further in the future.

The Road to Growth – and the evidence base that informed it – will help shape our SRN Initial Report and influence the Government's road investment strategy and our strategic business plan, delivery plan, investment plan and performance agreement for the next road period (2020 – 2025). We will continue to refine our evidence base throughout RIS1 and will look to commission further economic research that will help and inform us and our stakeholders. This may be in the form of evidence reports, roundtable discussions or thematic discussion papers to stimulate further debate and inform constructive challenge. We will look for new opportunities to engage with customers and stakeholders interested in commissioning further research in order to strengthen our collective understanding of the link between economic growth and infrastructure investment.

We will report on progress in our 2017/18 delivery plan annual update. We intend to refresh our strategic economic growth plan during the first half of RIS2 to inform early planning for RIS3.

Appendix 1 – Glossary of terms

Agglomeration – the economic benefits of inter-related businesses locating close to each other. This can bring benefits such as supplier economies of scale, a larger local pool of skills and talent, a greater draw for customers and suppliers, and opportunities for partnership and collaboration that can drive innovation.

Airport Operators Association (AOA) – founded in 1934, the Airport Operators Association is a trade association representing the interests of UK airports, and the principal such body engaging with the UK government and regulatory authorities on airport matters.

Autumn Statement – shortly to be renamed the Autumn Budget from 2017 this will be the most important economic statement that the UK Chancellor of the Exchequer gives every year, the first being the Budget. The chancellor updates Members of Parliament (MPs) on the government's taxation and spending plans, based on the economic projections provided by the Office for Budget Responsibility (OBR).

BEIS – UK government Department for Business, Energy and Industrial Strategy.

BIS – UK government Department for Business, Innovation and Skills. This was replaced by the Department for Business, Energy and Industrial Strategy (BEIS) in July 2016.

British Property Federation (BPF) – the trade association for UK residential and commercial real estate companies.

Capital investment – money used by a business to purchase fixed assets, such as land, machinery or buildings. Capital investment can also refer to money invested in a business with the understanding that the money will be used to purchase fixed assets, rather than used to

cover the business's day-to-day operating expenses.

CBI – the Confederation of British Industry represents and provides a voice for more than 190,000 firms at a regional, national and international level to policy makers, providing insights and economic surveys and forecasts to support its membership.

Centre for Connected and Autonomous Vehicles (CCAV) – a joint policy unit between BEIS (formerly BIS) and the Department for Transport addressing the interaction among vehicles, infrastructure and data to achieve these technologies' significant economic and social benefits. CCAV provides a single point of contact for industry and academia for connected autonomous vehicle technologies.

Connected corridors – sections of road where communications technology is installed to enable vehicles and infrastructure to be wirelessly connected, with drivers receiving information about the network and traffic conditions such as advanced road closures or congestion warnings.

Cross-modal – strategy or approach that encompasses or brings together different modes of transport, for example road, rail, and air travel.

Department for Communities and Local Government (DCLG) – UK government department responsible for creating great places to live and work and giving more power to local people to shape what happens in their area.

Department for International Trade – UK government department responsible for promoting British trade around the world.

Department for Transport (DfT) – UK government department responsible for planning and investing in transport infrastructure.

E-commerce – an online transaction of buying or selling.

Economic Opportunity Area (EOA) – an identified geographic area that has significant capacity for development, such as housing or commercial use, and existing or potentially improved public transport access.

Enterprise Zone – Established in 2012, Enterprise Zones are designated areas across England that provide tax breaks and government support to support local business growth.

Expressway – a well-designed upgrade for our busiest A roads, considerate of the needs of pedestrians, cyclists, local communities and aesthetics. These are dual carriageway roads with grade-separated junctions, technology to manage traffic, and segregation of non-motorised users in order to achieve at least the operational and safety performance experienced on a conventional motorway.

Green Paper – a particular type of consultation document produced by the government to allow people both inside and outside Parliament to give the government department feedback on its policy or legislative proposals. Green Papers tend to be used to test early thinking on the broad shape of proposals, with the detailed approach to be developed at a later stage.

Gross value added (GVA) – measure of value of goods and services produced. GVA measures the contribution to an economy of an individual producer, industry, sector or region.

Growth and Housing Fund (GHF) – Highways England's £100 million Growth and Housing Fund is unlocking stalled developments, by

combining with developer funding to provide strategic road network improvements to safely accommodate the traffic generated by new development, where this would otherwise make the development financially unviable. The GHF is 1 of 5 designated funds that allow Highways England to deliver actions beyond business as usual.

Heavy goods vehicle (HGV) – larger vehicles constructed for transporting goods with a gross weight more than 3.5 tonnes.

High Speed 2 (HS2) – a planned high-speed railway in the United Kingdom linking London, Birmingham, the East Midlands, Leeds, Sheffield and Manchester. It would be the second high-speed rail line in the UK, after High Speed 1 which connects London to the Channel Tunnel.

High Speed 2 Growth Partnership – a collaboration between London and Continental Railways (LCR) and HS2 Ltd, looking at methods of promoting the growth and regeneration benefits that high-speed rail infrastructure will bring to the cities and regions.

Highways Agency – founded as a government agency in 1994, Highways Agency was replaced by Highways England in April 2015.

Highways England – the government-owned company charged with operating, maintaining and improving England's motorways and major A roads (known as the strategic road network).

Highways England delivery plan – sets out in detail how Highways England will deliver its strategic outcomes and measure success. The plan outlines what Highways England will do over 5 years to deliver against the commitments in its strategic business plan and in the Government's road investment strategy.

Appendix 1 – Glossary of terms

Homes and Communities Agency (HCA) –

an executive non-departmental public body, sponsored by the Department for Communities and Local Government. HCA makes homes and business premises available to the residents and businesses that need them and regulates social housing providers in England. In the summer of 2017, HCA will be relaunched as Homes England.

Innovation Fund – 1 of 5 designated funds that were established following the creation of Highways England in April 2015. These funds allow Highways England to deliver actions beyond business as usual and may involve retrofitting measures to improve the existing network or maximise opportunities in new schemes to deliver additional improvements.

Interchange – a junction between 2 or more modes of transport (or 2 or more significant routes on a single mode), where passengers and/or goods are exchanged between vehicles or between transport modes.

International gateway – stations, ports and airports that enable people and businesses to travel and move goods and services between the UK and other countries.

Local authority – an administrative body in local government, also known as ‘council’. Go to: <https://www.gov.uk/understand-how-your-council-works/types-of-council> for more information.

Local Enterprise Partnership (LEP) – there are 39 LEPs across England. They are local business-led partnerships between local authorities and businesses and play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs.

Local Plan – the statutory document produced by a local planning authority to set out a vision and a framework for the future development of the area. The Local Plan addresses needs and opportunities in relation to housing, the economy, community facilities and infrastructure – as well as providing a basis for safeguarding the environment, adapting to climate change and securing good design.

Licence – (Highways England’s) statutory directions and guidance from the Department for Transport.

Light goods vehicle – 4-wheel vehicles constructed for transporting goods with a gross weight of 3.5 tonnes or less.

Mode (of transport) – a term used to distinguish substantially different ways to travel. The primary modes of transport are air, water and land transport, the latter including rail, road and off-road.

Motorway corridor – industry terminology for motorway.

Multi-modal transport – operations where more than 1 mode of transport is used. Typically this might include road as well as rail or water transport. Multi-modal freight transport is often described as the use of more than 1 mode of transport in a supply chain.

Mapping tool – Highways England has developed a national mapping tool to record information about our responses to planning consultations over the past 10 years, as well as information about adopted Local Plans, Enterprise Zones and other growth-related geographic information.

National Exhibition Centre (NEC) – an exhibition centre located in Birmingham, England. It is near junction 6 of the M42

motorway and is adjacent to Birmingham Airport and Birmingham International railway station.

Office of Rail and Road (ORR) – the independent economic and safety regulator for Britain’s railways, set up by government to monitor the performance and efficiency of England’s strategic road network.

Road Investment Strategy (RIS) – sets out the UK government’s 5-year programme for motorways and major roads, including capital funding allocation.

RIS1 – the first Road Investment Strategy covering years 2015–2020.

RIS2 – the second Road investment Strategy covering years 2020–2025 (pending).

Road period – 5-year period covering each RIS (see above). Road Period 1 relates to RIS1, Road Period 2 to RIS2, etc.

Road to Growth – Highways England’s strategic economic growth plan (that is, this document), a strategic plan for maximising the economic impact of the strategic road network.

Roads Academy – a cross-sector leadership development programme aimed at developing senior leaders who can tackle the complex challenges facing the infrastructure sector.

Route Strategy – 18 Route Strategies have been produced. The Route Strategies provide an assessment at a regional and local level of the performance of the strategic road network as well as pressures affecting the network. Ultimately, the Route Strategies will help shape investment priorities to improve the service for road users and support a growing economy. They are one of the key components of research required for developing the Road Investment Strategy.

Smart motorway – an upgraded section of motorway that has technology installed to monitor and manage traffic flow as well as use the hard shoulder for traffic, either permanently or at peak times.

Strategic business plan – Highways England’s response to the Government’s 5-year road investment strategy. The strategic business plan sets out what we will do, how we will deliver the performance requirements set by the Government, and progress delivery of the investment plan in line with the timescales proposed.

Strategic economic growth plan (SEGP) – Highways England’s strategic plan for maximising the economic impact of the strategic road network (that is, this document).

SME – abbreviation commonly used to describe small and medium-sized enterprises (SMEs). In the UK a company is defined as being an SME if it meets 2 out of 3 criteria: it has a turnover of less than £25 million, it has fewer than 250 employees, it has gross assets of less than £12.5 million.

Strategic road network (SRN) – the road network that Highways England manages and maintains. Comprising England’s motorways and major A roads, the SRN totals around 4,300 miles. While this represents only 2% of all roads in England by length, these roads carry a third of all traffic by mileage and two-thirds of all heavy goods traffic.

Appendix 1 – Glossary of terms

Strategic Road Network Initial Report – the culmination of the research stage for the development of RIS2. Highways England will publish the report in the winter of 2017-18. The report will focus on the state of the network and suggested priorities. This will then form the basis of a public consultation led by the Department for Transport. Once completed, the decision phase will begin and the Department for Transport will start development on the RIS2 document.

Strategic studies – supported by Highways England, the Department for Transport will publish 6 strategic studies as part of the research phase and development of RIS2. The 6 strategic studies will explore particularly complex problems on the network.

Sub-national transport body – a regionally, or cross-regionally, focused partnership with appropriate governance arrangements to make collective decisions relating to transport strategy and investment for an agreed geographic area.

Supplier Recognition Scheme – our annual scheme highlighting the vital contribution made by Highways England's suppliers who help to operate, maintain and improve the strategic road network in England. It is designed to help recognise the important contributions, innovations and leading performance by highways suppliers and provides an opportunity to share best practice and celebrate success.

Sustainable Development Steering Group (SDSG) – a group chaired by Highways England that includes representatives from the development industry. This group meets regularly to discuss strategic issues around the delivery of sustainable development located close to the country's strategic road network.

Transport Focus – the independent transport user watchdog, Transport Focus is an executive non-departmental public body, sponsored by the Department for Transport. Its role is to represent the interests of rail passengers and all those who use the strategic road network, and to use this to influence policy and decision-making. This includes motorists, freight and business users, as well as those who walk or cycle on the network.

Transport Systems Catapult – 1 of 10 elite technology and innovation centres established by the UK's innovation agency, Innovate UK, to transform the UK's capability for innovation in specific areas and help drive future economic growth.

White Paper – policy documents produced by government that set out their proposals for future legislation. They may include a draft version of a Bill that is being planned. This provides a basis for further consultation and discussion with interested or affected groups and allows final changes to be made before a Bill is formally presented to Parliament.

Appendix 2 - Underpinning evidence reports

The Road to Growth is underpinned by the following evidence reports; published by us alongside this strategic plan;

- Economic Growth and the Strategic Road Network.
- Commercial Development and the Strategic Road Network.
- International Gateways and the Strategic Road Network.
- Socio-Economic Analysis, Future Forecasts and the Strategic Road Network.
- Assessment of Growth Impacts
- Considering the Economic Significance of the SRN.
- The Road to Growth: Analysis of Stakeholder Discussion



Appendix 3 - Informing Road Investment Strategy 2

This strategic economic growth plan will feed into the development of the next Road Investment Strategy (RIS2). RIS2 will set how much funding we receive to operate, maintain and improve the network between 2020 and 2025. Stable investment for 5-year periods allows us to plan for the long term, address strategic challenges facing the SRN and make the most use of the opportunities to support the economy.

The strategic economic growth plan is one part of the work we are doing to support the research phase of developing RIS2 (Figure A1). As well as this strategy, we have examined the whole network in detail through 18 Route Strategies, and we are supporting the Department for Transport's six strategic studies exploring particularly complex problems on the network.

All of this research will be done in addition to the analysis we do to support the network every day. Our findings will be published in the winter of 2017/18 in the SRN Initial Report on the state of the network and suggested priorities. This will form the basis of a public consultation led by the Department for Transport.

Once this is completed, the decision phase will begin and the Department for Transport will start development on the RIS2 document. We will also develop a strategic business plan setting out how we will deliver RIS2 as a business. These will be reviewed before publication by the

highways monitor, the Office of Rail and Road (ORR), to ensure that we have made the most efficient decisions. The final documents are to be published in 2019.

In the final mobilisation phase, we will set out a delivery plan with a detailed programme of investment to be carried out in 2020 to 2025, on the basis of the commitments in RIS2. This will build on investments already undertaken and will allow us to further support users of the road network and the UK's economy. The rigorous process of developing RIS2 will ensure that the best use is made of taxpayers' money and that investments have the maximum impact.



Figure A1 – Planned approach to RIS2

Appendix 4 - How we developed our strategic plan

Over the course of 2016, we worked with specialist consultancies to conduct an extensive programme of independent analytical research. This research explored a number of aspects of the economic role of the SRN and the patterns of business activity and development around it.

These studies, as listed in Appendix 2, cover a number of critical issues:

- The relationship between the SRN and the economy, including its impact on productivity, investment, trade and unemployment
- Patterns and forecasts of commercial development and their implications for the SRN.
- The relationship between international gateways and the SRN – exploring access, connectivity issues and demand analysis for key UK ports and airports.
- Socio-economic analysis and the SRN – exploring the growth forecasts of those economic sectors that are most reliant on the SRN.
- Case studies exploring the economic impacts

of previous SRN investments.

- The estimated economic value of the SRN, based on user costs.

This programme of analytical research was supplemented by widespread discussions with many stakeholders and business users of the network. This included one-to-one meetings with every LEP in England, and engagement with sub-national transport bodies³², business representatives³³, local authorities³⁴, government departments³⁵, national infrastructure providers³⁶ and devolved administrations³⁷. We also discussed our emerging approach with Transport Focus and the Office of Road and Rail.

³²Transport for the North, Midlands Connect, England's Economic Heartland Strategic Alliance, and other emerging sub-national partnerships.

³³Including CBI, British Chambers of Commerce, Federation of Small Businesses, British Property Federation, freight sector bodies and other users via the National Road Users Committee.

³⁴Local Government Association, plus individual local highways authorities and chief planning officers.

³⁵Including the Department for Transport, Department for Communities and Local Government, Cities and Local Growth Unit, Homes and Communities Agency.

³⁶Including National Rail, HS2, National Infrastructure Commission, Airport Operators Association, British Ports Association, UK Major Ports Group.

³⁷Welsh and Scottish governments

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