



Department
for Transport

Highways England's Performance Report to Parliament 2019-20

Moving Britain Ahead

Highways England's Performance Report to Parliament for 2019-20

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



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Contents

Foreword	5
Executive summary	6
1. Introduction	7
Purpose of Report	7
Context	7
Monitoring, Assurance and Oversight	7
2. Performance	8
Overview	8
Safety	8
Operations, Maintenance and Investment	9
The Environment	9
Customer Service and Satisfaction	10
3. The Company	11
Corporate Governance Framework	11
Organisational Transformation - Skills and Capability	11
Efficiency	12
4. The Future	13
Implementing RIS2 and preparing for future road periods	13

Foreword



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

Highways England is now five years old as an organisation and this year marked the end of the first Road Investment Strategy (RIS1), a £15 billion investment in England's strategic road network.

Highways England has continued to make good progress in delivering the RIS. This year construction started on 23 major schemes including the M3 Junctions 9-14 and M42 Junction 6. There were also seven schemes that finished construction and opened to traffic, such as the M23 Junctions 8-10 and M6 Junctions 2-4.

Following concerns surrounding safety on smart motorways, I commissioned an evidence stocktake to gather the facts and if needed, bring forward recommendations to ensure our roads are as safe as they can be. In March the Department published the outcome of the stocktake¹, alongside an 18-point action plan. Overall, evidence shows that in most ways, smart motorways are as safe or safer than conventional motorways. Implementing the measures in the action plan will allow us to retain the benefits of smart motorways while addressing the concerns that have been identified.

In March 2020, the Department published the second Road Investment Strategy (RIS2), with plans to invest £27.4 billion over the next Road Period, 2020 to 2025. This builds on the Government's road reform measures, continuing to deliver long term improvements in our roads to create a strategic road network that is safe, reliable and efficient for everyone, to drive economic growth across the country.

The coronavirus (COVID-19) pandemic has had unprecedented impacts across society. The timing of the lockdown meant there was little effect on Highways England's RIS1 performance and it managed to achieve its scheme delivery targets in March 2020. The company proactively brought forward works during the lockdown, taking advantage of decreased traffic levels to get more done whilst ensuring the safety of its workers. The impacts of the coronavirus pandemic will continue to be assessed going forward and any implications on RIS2 will be closely monitored.

A handwritten signature in black ink, appearing to read 'Grant Shapps'.

Rt Hon Grant Shapps MP

Secretary of State for Transport

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873000/smart-motorway-safety-evidence-stocktake-and-action-plan.pdf

Executive summary

- 1 This is the fifth Secretary of State report to Parliament on the work of Highways England, pursuant to section 14 on the Infrastructure Act 2015, and covers the financial year from 1 April 2019 to 31 March 2020. It builds on advice from the Office of Rail and Road (ORR) in its role as Highways Monitor, Transport Focus in its role as road user watchdog and Highways England's own performance reporting.
- 2 The year 2019-20 was Highways England's fifth year of operation, marking the end of the first Road Investment Strategy. RIS1 has seen the completion of 36 major schemes, delivering 370 lane miles of road on the network.
- 3 Highways England continues to perform well, meeting the majority of its targeted Key Performance Indicators (KPI) for RIS1 including road condition, network availability and incident clearance while it continues to address and show improvement in those it has narrowly missed or have yet to finish.
- 4 In March the Department published the second Road Investment Strategy (RIS2, 2020-2025), setting out £27.4 billion of investment in the strategic road network to be carried out by Highways England over the next five years.

1. Introduction

Purpose of Report

- 1.1 Highways England was appointed as a Strategic Highways Company by the Secretary of State by way of an Order made under section 1 of the Infrastructure Act 2015 ("the Act"). This report covers Highways England's performance for the year from 1 April 2019 to 31 March 2020 and reflects on the first five years of its operation, delivering the first Road Investment Strategy.
- 1.2 Both the ORR's Annual Assessment of Highways England's Performance and Highways England's Annual Report and Accounts 2019-20 will also be laid before Parliament and published. Highways England will also publish a Delivery Plan focussing on what the company will deliver in the 2020-21 financial year, as well as an overview for the RIS2 period.
- 1.3 This report draws on these documents and other advice to highlight key points of Highways England's performance.

Context

- 1.4 As a Strategic Highways Company, Highways England was charged with delivering the Government's first Road Investment Strategy (RIS1) to improve transport for road users and underpin economic growth through a £15 billion investment programme, whilst maintaining the network to a high standard, improving safety for road users and reducing the impact of the network on the environment.
- 1.5 The Secretary of State issued no directions or guidelines during 2019-20.

Monitoring, Assurance and Oversight

- 1.6 In monitoring the performance of Highways England, the Secretary of State is advised by the ORR and Transport Focus. The ORR scrutinises and reports on the performance and efficiency of Highways England. Transport Focus has the role of a watchdog for road users; gathering views about their priorities for, and performance of, the strategic road network.
- 1.7 Highways England also provides regular information to the Department and the ORR to allow monitoring of performance and delivery including information on progress against individual projects, programmes and funds stated in the RIS.

2. Performance

Overview

- 2.1 Operational performance is measured by eleven Key Performance Indicators (KPIs). Many of these are supported by Performance Indications that help to understand the KPIs in more detail.
- 2.2 In 2019-20 Highways England met four out of the five KPIs for which it had an in-year target. The targeted KPI that was not met related to user satisfaction (the percentage of road users satisfied, based on five separate indicators of satisfaction measured through a survey of road users). This remained slightly below the target level; partially attributed to concerns over safety on the network, where there was a notable reduction in the score for safety over the last three months of the year.
- 2.3 Highways England also met four of the five targeted KPIs for the end of RIS period. This includes targets for the percentage of lane availability on the network, clearing incidents within an hour and delivering over 1,150 mitigations at noise important areas. Highways England has also achieved capital efficiencies over the £1.2 billion target for the five years of RIS1.
- 2.4 The ORR's Annual Assessment of Highways England's performance contains more detailed analysis and consideration of each KPI. Consequently, this report focuses on the key achievements and challenging areas.

Safety

- 2.5 The safety of road users and its workers remains a key imperative for Highways England. The RIS included a challenging target of a 40% reduction in people killed or seriously injured on the network by the end of 2020, when compared to the 2005-09 average baseline. Highways England continues to take steps to help meet this target and while a 30% reduction has already been seen, there is still more work to do. Final figures for this KPI are not expected until summer 2021.
- 2.6 Highways England continues to work on ways to improve safety on its network. In 2019-20 it introduced new camera technology that helps to identify drivers who drive through Red X signals on smart motorways, who can now be issued with fines or points on their licence.
- 2.7 In June 2019, Highways England launched its *Home Safe & Well* approach, a six-point plan detailing the company's work to ensure the safety and wellbeing of colleagues, customers and its supply chain by targeting improvements in key areas of safety on the network.
- 2.8 Accident rates for Highways England's staff in 2019-20 was the lowest recorded during the RIS. While there was a slight increase in accidents for staff in its supply chain, the overall levels of these have dropped since the company was established.

Operations, Maintenance and Investment

- 2.9 RIS1 originally contained 112 schemes when it was announced in 2015. Of these, 10 have been stopped for a lack of local stakeholder support or failing to provide value for money for the taxpayer, and another 2 have been moved to the RIS3 pipeline. With agreement of the Department, 25 schemes were rescheduled to start work in RIS2 to ease disruption for road users and other factors out of Highways England's control. In total during RIS1, Highways England met its commitments on 69 schemes, but missed start of works on four. These will now start construction in RIS2.
- 2.10 Of its 27 commitments in 2019-20, Highways England started construction on 23 schemes and provided funding to third parties on two. There were a further two schemes for which start of construction was moved into RIS2 due to delays in planning consent.
- 2.11 Highways England has made good progress in delivering major schemes. Of the seven schemes that were planned to open to traffic in 2019-20, one was completed ahead of schedule, five were delivered on time and one was delayed and will open in 2020-21. In total 36 schemes were completed in RIS1 against a target of 37, adding 370 lane miles to the network. There are currently 32 schemes under construction and development has continued on schemes for RIS2 such as the Lower Thames Crossing, the biggest road investment project in the country since the M25.
- 2.12 Highways England remained above its 2019-20 targets for the smooth flow of traffic - keeping 98.2% of the network open to traffic, against a target of 97% and clearing 89% of incidents within an hour, against a target of 85%.
- 2.13 Highways England maintained its roads to a good standard in 2019-20, with 95.4% of the network requiring no further investigation, ahead of its target of 95%. This shows a marked improvement from the company, having missed the target for the first two years of the RIS.
- 2.14 The RIS1 investment plan included a set of ring-fenced funds aimed at addressing a range of issues beyond the traditional focus of roads investment. Highways England has invested over £650 million of these Designated Funds during the first road period. This includes targeted spend on the environment, innovation, air quality, growth & housing and cycling, and safety & integration.

The Environment

- 2.15 Highways England continues to measure noise and biodiversity through KPIs. In 2019-20 Highways England mitigated over 240 noise important areas, bringing the total mitigated in the RIS to 1,174, exceeding the five-year RIS target of 1,150.
- 2.16 Having published its biodiversity action plan in 2015-16, Highways England has mitigated 248 flooding hotspots, delivered 160 cycle schemes and spent around £7 million on 124 biodiversity schemes during RIS1.
- 2.17 Highways England has investigated locations on its network where exceedances of air quality have been identified and is developing measures to improve air quality in these locations. This includes lowering speed limits and other local traffic management measures in some locations on the strategic road network. Highways England continues to undertake research into possible measures to help compliance in the shortest timescales possible.

2.18 Highways England is committed to helping the Government achieve its ambition to achieve carbon neutrality by 2050. Steps such as modernising road lighting with LEDs have already helped Highways England to reduce its own carbon footprint by 49.6% over the past decade. It continues to work with the Department, DEFRA and the Office for Low Emission Vehicles on ways to reduce carbon emissions, improve air quality and reduce its overall impact on the environment. This included investing in electric vehicle charging points, meeting its RIS1 aim of ensuring over 95% of the strategic road network is within 20 miles of a charge point.

Customer Service and Satisfaction

2.19 Highways England has failed to meet its user satisfaction target for RIS1, achieving 89.2% satisfaction for 2019-20 against a target of 90%. The company has though shown commitment to improving this throughout RIS1, increasing the satisfaction score from 88.5% in 2014-15, the last year of the Highways Agency.

2.20 While Highways England only narrowly missed its satisfaction target in 2019-20, there was a notable reduction in safety satisfaction, particularly over the last three months of the period, to its lowest level since the start of the RIS. This can possibly be attributed to media coverage surrounding safety of smart motorways during that period. Safety is a key priority and following the publication of the smart motorways evidence stocktake, Highways England is working closely with the Department to ensure smart motorways are as safe as they can be.

2.21 Throughout the RIS, roadworks has been the lowest scoring area of the satisfaction survey. Highways England continues to listen to customer feedback and has taken steps to address this through its annual customer service plan. This year it successfully expanded the number of sections of road works with increased speed limits of 60mph, where it is safe to do so. Improvements such as this has seen user satisfaction for roadworks in 2019-20 increase to its highest level in the RIS.

3. The Company

Corporate Governance Framework

- 3.1 Highways England's organisational structures are now well embedded and continue to work well. Under the leadership of the Chair, the Board has functioned effectively throughout RIS1, with a continued focus on improvement.
- 3.2 Elaine Holt retired from the Board in March 2020, having served on the Highways Agency and Highways England Boards as a Non-Executive Director for a period of six years. Colin Matthews served on the Highways Agency and Highways England Boards as a Non-Executive Chair for a period of six years and retired from the Board at the end of April 2020. Roger Lowe, the Senior Non-Executive Director, became Interim Chair in June 2020. There were no new appointments to the Board during 2019-20.
- 3.3 The gender balance of the Board during 2019-20 was 5:4 in favour of women; this has risen from 5:2 in favour of men over the course of RIS1. The Board continues to focus on opportunities to increase diversity in senior appointments.
- 3.4 The 2019-20 internally-led Board Effectiveness Review demonstrated encouraging progress on the actions identified in the 2018-29 evaluation, including with regards to customer service and stakeholder engagement. It also provided helpful indicators towards improvements or areas for focus:
 - Environmental issues and sustainability
 - Digitally-enabled customer service
 - External stakeholder engagement, including with key customers
 - Diversity considerations when making senior appointments

The implementation of these recommendations will be taken forward in the coming year. The 2020-21 Board Effectiveness Review will be an externally-led evaluation.

Organisational Transformation - Skills and Capability

- 3.5 Highways England has continued its focus on transformation this year, with a particular focus in Major Project, Operations, Commercial and Procurement and IT.
- 3.6 Highways England's 2020 Organisation Plan (HE2020), launched in 2017, set out the key organisational changes needed for the successful delivery of RIS1, including the development of capability and capacity across the company. It focussed particularly on developing technical competencies in key areas such as project and programme management, asset management and commercial skills. Leadership across the company has also been strengthened through the roll out of dedicated training and development programmes such as the Management Development Programme (MDP).

- 3.7 MDP was launched in 2016, focusing on people management skills such as coaching, feedback and performance management in managers from the Highways England Executive team through to frontline staff, to drive the higher performance required for delivery of RIS1. It evolved into a company-wide programme building on the success of MDP, known as MDP:Connect. MDP:Connect focussed on leaders and managers first, giving them the skills to engage their teams on Highways England's vision, values and the HE2020 plan.
- 3.8 In 2019-20 the third annual MDP programme was launched for all staff, called; MDP:Deliver. This focussed on giving staff the skills required to deliver the final commitments of RIS1 and the transition successfully into RIS2. It was also designed to build collaboration and drive efficiency of ways of working. Looking forward, the 2020-21 programme will be focussed back on people management to support Highways England in taking the next step up in performance to meet expectations through RIS2. It will also support engaging the organisation with the HE2025 Plan.
- 3.9 The HE2025 Plan will be launched later this year, setting out focus areas on continued transformation and how the company will continue to develop the skills and capabilities it needs to deliver RIS2. Specific areas of further capability development are Digital (Network, Customer, Design and Internal), Environmental, Commercial and Contract Management, alongside continued focus on programme and project management, asset management, safety leadership and customer service.

Efficiency

- 3.10 One of the main benefits of the RIS is to realise efficiencies through mass investment. Subsequently, Highways England was set a target to deliver £1.2 billion of efficiencies over RIS1 as one of its KPIs.
- 3.11 As part of its role as the Highways Monitor, the ORR examines the evidence base produced by Highways England, to verify the reported efficiencies. The ORR has reviewed and challenged the evidence provided and has concluded that the company has achieved over £1.2 billion in efficiencies in RIS1, achieving the target that was set. Highways England, the ORR and the Department will continue to work together to verify Highways England's efficiencies throughout RIS2.

4. The Future

Implementing RIS2 and preparing for future road periods

- 4.1 On 11 March 2020, the Government published the second Road Investment Strategy as part of the Budget. It has confirmed that £27.4 billion will be made available to Highways England during the second Road Period (RP2) to meet the costs of operating, maintaining, renewing and enhancing the strategic road network. It also includes dedicated funds for going beyond 'business as usual' work to secure real improvements for road users and local communities, the environment and wellbeing, as well as action on safety, congestion, innovation and modernisation.
- 4.2 RIS2 is the culmination of four years of research, analysis, engagement and consultation by Highways England, the Department, the ORR and Transport Focus to understand the priorities for the strategic road network over the coming five years. This has shaped RIS2's focus on the needs of all road users for safer and more reliable journeys; people and business who live or work near, or otherwise depend on, the road network; and the natural, built and historic environments adjacent to it.
- 4.3 During the last year, to inform the final decisions on RIS2, the ORR provided advice to the Secretary of State about the level of challenge, deliverability and efficiency demonstrated by the Draft RIS and Highways England's draft Strategic Business Plan (SBP). Further development of these plans followed in the light of this advice, so that there is confidence that the final RIS2 package is affordable, deliverable, and will meet the objectives defined by Government in the light of consultation responses.
- 4.4 In response to the publication of RIS2, Highways England will publish its final SBP and Delivery Plan. These plans set out how Highways England will implement RIS2 with the funding available, including more detail on when specific activities will take place during RP2.
- 4.5 In July 2020, the Prime Minister announced the establishment of a new 'Project Speed' taskforce that will bring forward proposals for bringing forward government investment projects more strategically and efficiently. The aim is to cut the time it takes to develop, design and deliver infrastructure projects, such as those funded through road investment strategies. Both the Department and Highways England will contribute to the work of the taskforce, utilising the experience of delivering strategic road projects to inform its deliberations and recommendations.
- 4.6 Work will also begin during the coming year on gathering the evidence that will enable development of the third RIS. This is likely to encompass the first steps for Highways England on the next round of route strategies and action to develop the potential enhancement schemes identified in RIS2 as being part of the RIS3 pipeline.
- 4.7 As with RIS2, we will involve interested parties, including members of the public, throughout the development of RIS3. To maximise the benefits of this engagement, the Department will review and apply the experience of developing RIS2 to ensure that future road investment strategies continue to flourish and evolve.

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