

# Roads Reform: Proposals for an Evaluation Framework

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A report for DfT  
January 2015  
Issue 1



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Client reference: PPRO 04/91/55 WS 2

Report reference: D3149/20/R01

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Risk Solutions  
Dallam Court  
Dallam Lane  
Warrington WA2 7LT  
United Kingdom

 01925 413984

[www.risksol.co.uk](http://www.risksol.co.uk)

## Executive Summary

The reform programme for the Strategic Road Network (SRN) makes provision for the Highways Agency (HA) to be transformed into a government-owned Strategic Highways Company (SHC), which will operate within a robust system of governance<sup>1</sup>. This is designed to ensure that Ministers set the strategic direction for the SRN, while the SHC has autonomy to run the network on a day-to-day basis. It is also intended to ensure that the SHC can be held to account for its performance and continues to run the SRN in the public interest. This involves setting up an independent Watchdog to represent the interests of road users, and an independent Monitor to assess and improve the performance and efficiency of the company<sup>2</sup>.

At the time of writing this report, details of embedded assurance activities such as the Monitor and Watchdog specifications are in the process of being finalised. Consequently, this framework adopts a 'bottom-up' approach to evaluation; it sets out key areas for evaluation in a manner that is independent of pre-existing plans for data monitoring, and then identifies the actors we believe should be responsible for undertaking the different strands of evaluation.

The allocation of evaluation activities to different actors has been informed by information made available at the time of writing (such as draft memoranda of understanding) and should be cross-checked with Specifications once these are finalised.

The Framework is based around four core sections of: i) the Road Investment Strategy (RIS); ii) the reform of the HA/SHC governance and organisational development; iii) the effectiveness of the Watchdog and Monitor; and iv) evaluating the long-term Roads Reform impacts. Each of these sections has been underpinned by the use of logic maps to ensure a robust and coherent identification of potential evaluation questions (e.g. by assessing the logic map links).

The following text boxes set out the high-level objectives and questions that we recommend should guide a holistic evaluation of the Roads Reform programme.

### Evaluation of the RIS

**Evaluation Objective 1: The evaluation should assess whether the RIS has led to more efficient investment in the SRN compared to the previous investment structure.**

Q1-1: What lessons can be learned from the process of setting up the first RIS to inform future RIS cycles?

Q1-2: Does the first RIS incorporate each of the elements and characteristics envisaged in published Roads Reform strategy documents and are these fit for purpose?

Q1-3: What effect has the RIS (and the ring-fencing of funds) had upon the SHC's contract negotiations with suppliers, compared with the previous HA structure?

Q1-4: Has the provision of longer-term and stable funding increased the efficiency of investment in the SRN?

Q1-5: What effect has the 10% annual budget flexibility (with the longer-term overall funding certainty) had on the efficiency of delivering programmes of work, value for money or other outcomes?

<sup>1</sup> DfT, Roads Reform: management of the strategic network, <https://www.gov.uk/government/collections/roads-reform>

<sup>2</sup> DfT, 2014, Transforming our Strategic Roads,

### Evaluation of the SHC governance and organisational development

**Evaluation Objective 2: The evaluation should analyse whether the reformed processes and governance structure of the SHC have enabled it to operate in a more flexible and efficient manner.**

Q2-1: Was the process of setting up the new governance and organisational design of the SHC completed as originally envisaged?

Q2-2: Has the SHC obtained increased flexibilities in: i) decision making; ii) staff incentivisation; and iii) recruitment?

Q2-3: Have organisational development changes led to an increased level of commercial awareness within the culture of the SHC? Has this cultural change resulted in behavioural change?

### Evaluation of the effectiveness of the Watchdog and Monitor

**Evaluation Objective 3: The evaluation should assess the effectiveness of the Watchdog and Monitor's structures, assurance processes and monitoring activities.**

Q3-1: Are the structure and powers afforded to the Monitor and Watchdog fit for purpose?

Q3-2: What effect is the independent challenge of the Watchdog and Monitor having upon the performance of SHC?

Q3-3: Are the Monitor's requests for data from the SHC (and the SHC's responses) proportionate?

Q3-4: Are the Monitor and Watchdog effectively delivering their statutory remits?

### Evaluation of the long-term impacts of Roads Reform

**Evaluation Objective 4: The evaluation should establish whether the Roads Reform programme is on track to meet its long-term objectives.**

Q4-1: What level of efficiency savings have been delivered by the Roads Reform programme?

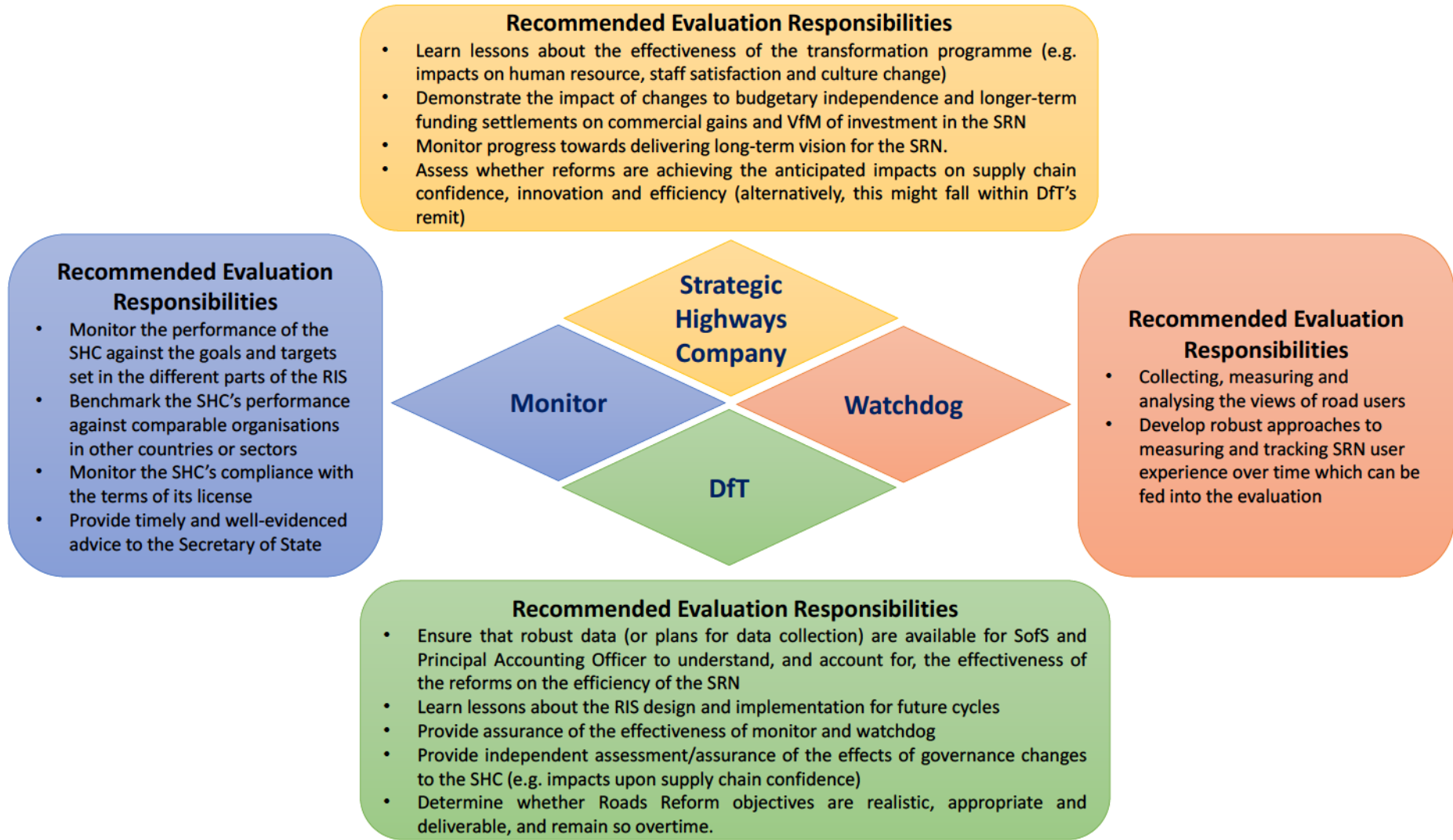
Q4-2: How has the Roads Reform programme affected the performance of the new SHC?

Q4-3: Has the satisfaction of SRN users increased?

Q4-4: Have there been any unintended consequences that have resulted from Roads Reform?

### Setting out Recommended Evaluation Responsibilities

It is recommended that this document be used to provide the foundations for the evaluation responsibilities across different actors to be agreed. This should include assessing the extent to which the different evaluation questions are covered by embedded assurance activities (e.g. the roles of the Monitor and Watchdog) and also the identification of how additional evaluation activities will be carried out (e.g. who will oversee this activity). The Figure below sets out a broad summary of recommended areas of evaluation that we suggest could be split across the different actors. Many of these will be covered within inbuilt monitoring and evaluation activity (e.g. within the roles of Monitor and Watchdog or planned monitoring activity by the SHC), but other areas are likely to be gaps that require additional monitoring and evaluation activity.



**Figure 1: An overview of the recommended evaluation responsibilities across the different actors involved in Roads Reform.**

The boxes highlight the core areas that we suggest could be evaluated by the various actors based on the more detailed evaluation questions and responsibilities set out in this report.

## Glossary

DfT	Department for Transport
HA	Highways Agency
SHC	Strategic Highways Company
MOU	Memorandum of Understanding
NRUSS	National Road Users' Satisfaction Survey
ORR	Office of Rail Regulation
RIS	Road Investment Strategy
RR	Roads Reform
SoS	Secretary of State
SRN	Strategic Road Network
TMS	Talent Management Strategy
VfM	Value for Money

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Figure 8: A broad overview of recommended evaluation responsibilities so to ensure a holistic approach to evaluating the Roads Reform programme.

# 1 EVALUATION FRAMEWORK SCOPE

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## Roads Reform

- 1.1 The reform programme for the Strategic Road Network (SRN) makes provision for the Highways Agency (HA) to be transformed into a government-owned Strategic Highways Company (SHC). This will operate within a robust system of governance, ensuring that Ministers set the strategic direction for the SRN, giving the company autonomy to run the network on a day-to-day basis, while ensuring its directors can be held to account for its performance and continue to run the network in the public interest. This involves setting up an independent Watchdog and Monitor, to represent the interests of road users, and to monitor and improve the performance and efficiency of the company.<sup>3</sup>
- 1.2 This document sets out a proposed, overarching Evaluation Framework for Roads Reform. The Framework described here takes an overarching, high-level approach and is not a complete blueprint for the detailed evaluation activities. It should be used to inform the commissioning and design of the evaluation activities to assess the effectiveness and impacts of the whole Reform programme.
- 1.3 Specifically, the framework provides the Department for Transport (DfT) with a document that can be:
- Reviewed and discussed with key policy teams and Roads Reform delivery partners, including the SHC, Watchdog and Monitor organisations, to ensure that priority evidence needs are addressed.
  - Used by DfT in the short-term to identify and prioritise early evaluation activities, for example the collection of baseline data;
  - Used to inform the design and procurement of any additional evaluation activity, providing potential suppliers with a clear starting point including the evaluation objectives, Theory of Change and evaluation questions, contextual factors, risks and some insight into the possible data sources, without pre-determining the evaluation methods or depth; and
  - Used to inform the collection, analysis and interpretation of monitoring data over the course of the evaluation.

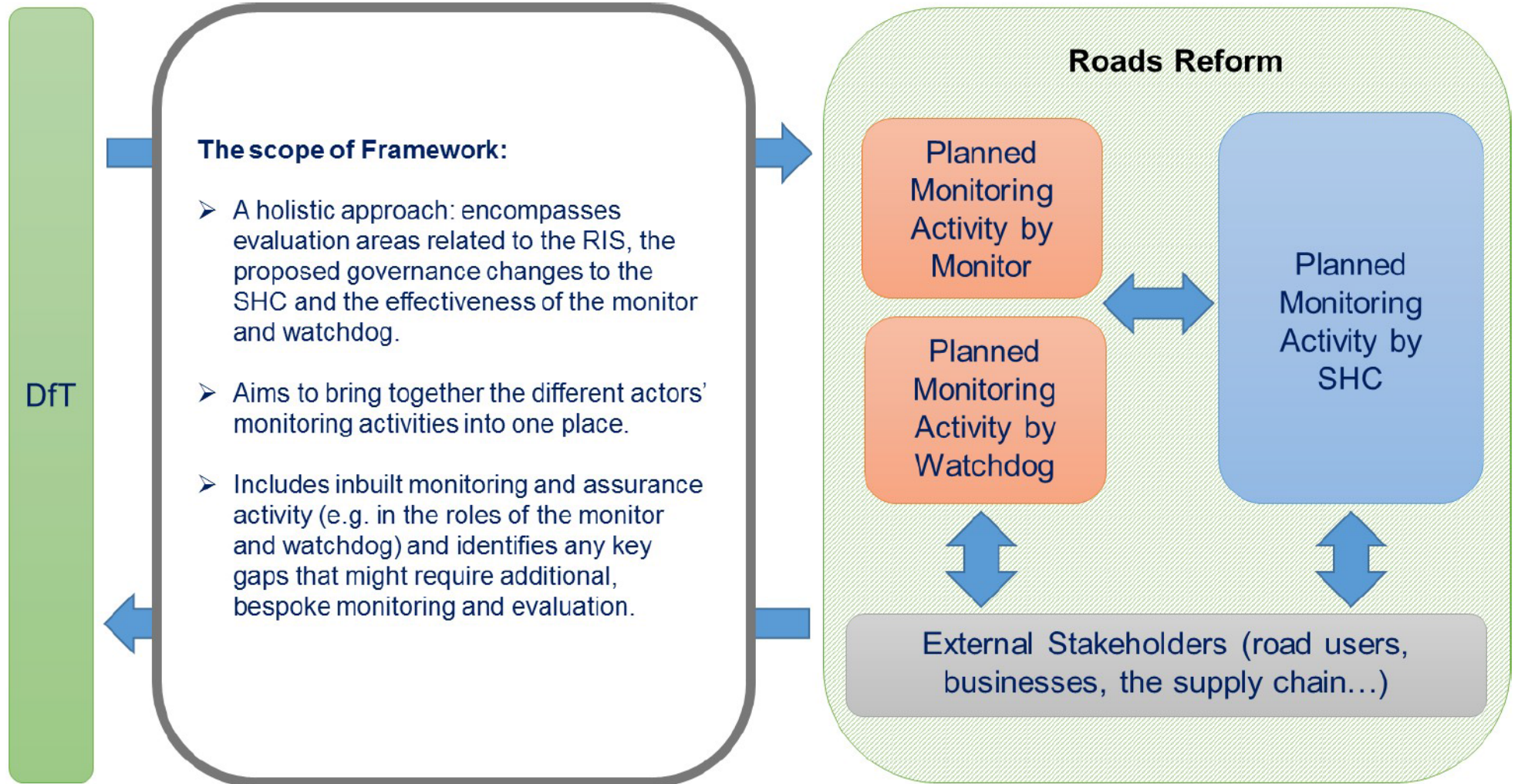
## The Holistic Scope of this Framework

- 1.4 This Framework seeks to ensure that a proportionate and targeted approach for the monitoring and evaluation of Roads Reform is adopted. It does this by identifying the areas of monitoring and evaluation that will be of most value and then setting out the actors who should deliver these different strands of evaluation.
- 1.5 This Framework covers the full scope of the programme (see Figure 1 for a diagrammatic representation), which means that it includes:
- Monitoring and evaluation areas likely to be covered by embedded monitoring and assurance activities (e.g. within the roles of the Monitor and Watchdog) and planned evaluation activities (e.g. any planned Post Opening Project Evaluation (POPE) associated with the SHC). The aim is to ensure that the results of these activities are fed into the overarching evaluation.
  - The identification of any important gaps in evaluation that might need to be filled through additional evaluation activity, potentially overseen by the DfT.
  - An assessment of how the Roads Reform delivery partners can most effectively learn lessons from the various strands of monitoring and evaluation activity across the Reform programme.

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<sup>3</sup> DfT, 2014, Transforming our Strategic Roads





**Figure 2: Scope and boundaries of Roads Reform Evaluation Framework**

- 1.6 Through adopting a holistic approach this framework: i) sets out recommendations for the DfT's expectations and responsibilities with regards to monitoring and evaluation of Roads Reform; and ii) seeks to encourage the bringing together of different strands of monitoring and evaluation into one place to ensure the potential evidence base is used effectively.
- 1.7 At the time of writing this report, details of embedded assurance activities such as the Monitor and Watchdog specifications are being finalised, although the Performance Specification of the SHC has been published<sup>4</sup>. Consequently this framework adopts a 'bottom-up' approach to evaluation. This means that the framework marks out key areas for evaluation independently of pre-existing plans for data monitoring, and then identifies the actors we believe should be responsible for undertaking the different strands of evaluation. The designation of evaluation activities to different actors has been informed by information made available at the time of writing (such as draft memoranda of understanding) and should be cross-checked with specifications once these are finalised.

### Methodology for developing the Framework

- 1.8 This Evaluation Framework has been developed using a systematic process.
- 1.9 First, a series of logic maps were developed by Frontier Economics, to map out the core assumptions associated with the changes anticipated as a result of Roads Reform. The logic maps set out the causal logic showing how Roads Reform is expected to deliver its anticipated benefits. The logic maps should be used within the evaluation to assess whether the Reform programme is on track to deliver its objectives and also to identify any areas that are not performing as expected (linked to a theory-based evaluation approach discussed in the next section). The maps were developed from policy documents and interviews with key policy personnel at the DfT. They were produced for DfT early in 2014 based on information available at that time. These have been reviewed and modified in light of subsequent changes, but the formats and general content have been retained.
- 1.10 Second, a series of high level evaluation objectives were developed alongside the logic maps. These evaluation objectives are complimentary and should not be considered mutually exclusive.
- 1.11 Third, contextual elements and risks that might affect the success of the policy and/or evaluation have been identified to ensure that these are integrated into the evaluation framework. Additionally, we have identified the anticipated timescales by which the changes identified in the logic maps can be expected to occur.
- 1.12 Fourth, we established a series of evaluation questions (and key considerations associated with these). These are underpinned by the logic maps and contextual elements referred to above (i.e. they test the core assumptions of the logic map).
- 1.13 Fifth, we have prioritised potential areas of evaluation based on their anticipated importance and 'evaluability' (i.e. ability to be evaluated) to ensure that a proportionate evaluation approach is taken.
- 1.14 Finally, we identified the actors that we believe might be best placed to undertake the different strands of recommended evaluation activity.

### Evaluation approach

- 1.15 There are a range of approaches that can be used to evaluate a policy; the most suitable approach depends on the circumstances that are present, the type of policy intervention and the evidence requirements<sup>5</sup>. Experimental or quasi-experimental approaches can be the most effective evaluation approach but need a suitable control group or counterfactual that enables

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<sup>4</sup> DfT and HA, 2014, Road Investment Strategy: Performance Specifications

<sup>5</sup> See the Tavistock Institute, 2010, Guidance for transport impact evaluations for more information

comparisons between those exposed and not exposed to a policy<sup>3,6</sup>. We consider that a suitable counterfactual cannot be assumed to be available for evaluating Roads Reform given that the Reform programme is universal across England. Instead, we recommend that a theory-based approach is used, as this is likely to be the most effective approach.

- 1.16 A theory-based evaluation approach involves systematically testing the causal logic that underpins how an intervention is anticipated to result in change<sup>7</sup>. Theory-based evaluation not only assesses whether a policy has worked, it also focuses upon ‘why’ an intervention has (or has not) worked. Theory-based approaches usually involve testing all of the elements and assumptions set out in a logic map of an intervention (see Figure 3 for an example).

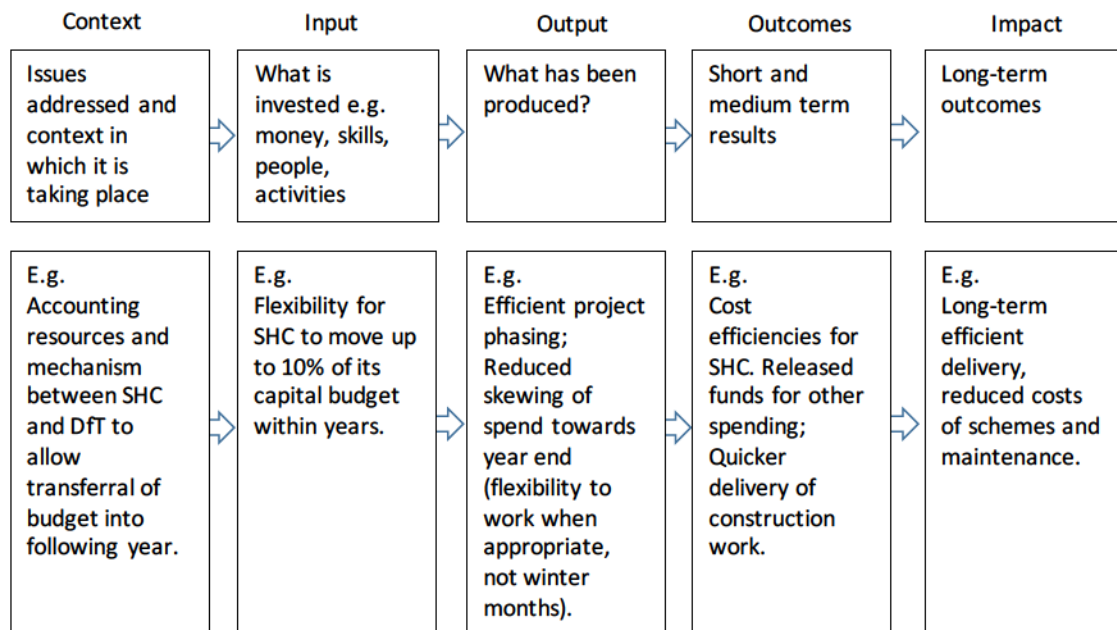


Figure 3:<sup>8</sup> An example chain within a logic map

- 1.17 As an illustrative example, consider that one element of Roads Reform relates to allowing the SHC to move up to 10% of budgets within a given year. First, for this to happen, the accounting resources and mechanisms need to be in place. This should enable the SHC to move up to 10% of budget within years. It is anticipated that this will lead to more efficient project phasing and reduce the risk of skewing work towards year ends. In turn, this is expected to lead to more stable resource pools for the supply chain, a reduced need to hire large numbers of workers for short periods of time, and therefore reduced administrative costs, and greater efficiency for the SHC supply chain. These cost efficiencies should result in lower project delivery costs for the SHC. Based on this logic, a theory-based approach would not only assess whether cost efficiencies have been realised through SHC supply chain contracts, but it would also test the causal links leading up to this (e.g. whether there is less skewing of work and how the supply chain has responded to this).
- 1.18 The proposed theory-based evaluation approach should compare outcome measures on a before and after basis; ideally, it will use baseline information collected before the Roads

<sup>6</sup> HM Treasury, 2011, The Magenta Book Guidance for evaluation, also Haynes, L., Service, O., Goldacre, B., Torgerson, D., June 2012 Test, Learn, Adapt: Developing Public Policy with Randomised Controlled Trials. Cabinet Office Behavioural Insights Team

<sup>7</sup> HM Treasury, 2011, The Magenta Book: Guidance for Evaluation

<sup>8</sup> Adapted from The Tavistock Institute, 2010, Logic Mapping: Hints and Tips

Reform programme is implemented and further information collected afterwards, ideally at regular intervals. Additionally, evidence must be collected to allow evaluation of the success of the new arrangements at different points in the logic model. Impact and process evaluation<sup>9</sup> should work together here; if the desired outputs and outcomes – particularly immediate outcomes - are not being achieved, the approach should allow the evaluator to identify potential explanations, and improvements.

- 1.19 A theory-based approach has a number of benefits. These include:
- The potential to assess whether the Reform programme is on track to meet its objectives;
  - An understanding of why the Reform programme is or is not achieving its anticipated outcomes and impacts;
  - The identification of any problems or issues, enabling lessons to be learnt and improvements to the Reform programme to be implemented at an early stage; and
  - Enhanced confidence that any longer-term impacts of Roads Reform can be attributed to the Reform programme.
- 1.20 A theory-based approach is suitable for triangulating different sources of evidence especially relating to process and impact data<sup>10</sup>. For example, evaluation techniques may include qualitative process evaluation that involves interviews with key actors to assess what is and is not working, time-series and before and after analysis of key metrics and quantitative surveys with supply chains to assess the effects of the Reform programme. This framework is not prescriptive about the evaluation techniques that should be used - these will need to be considered when designing and procuring the evaluation.
- 1.21 It should be noted that this framework has not encompassed any overarching economic evaluation of Roads Reform that might be conducted on the basis of evaluating the impacts of the Reform programme, this is an area that might require further thought and development.

## Structure

- 1.22 This report follows the structure of the evaluation framework that has been developed collaboratively between Risk Solutions and DfT.
- 1.23 The core of the proposed evaluation framework is presented in four distinct sections (Sections 2-5):
- Section 2: The effectiveness of the development and delivery of the RIS;
  - Section 3: The effectiveness of the reform of HA/SHC governance and organisational development;
  - Section 4: The effectiveness of the Watchdog and Monitor organisations; and
  - Section 5: Assessing the long-term impacts of the Roads Reform programme.
- 1.24 Each of the above sections has corresponding evaluation objectives, associated logic maps and a series of evaluation questions.
- 1.25 Section 6 of the report identifies the key next steps that we recommend be taken to ensure a robust evaluation of Roads Reform.

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<sup>9</sup> Process evaluations relate to assessing how a policy was delivered, whereas impact evaluations assess the outcomes of a policy and question what difference a policy has made.

<sup>10</sup> For example, see: Tavistock Institute, 2010, Developing guidance on attribution in transport impact evaluations

## 2 EFFECTIVENESS OF THE ROAD INVESTMENT STRATEGY

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- 2.1 This section focuses upon the potential evaluation of the effectiveness of the Road Investment Strategy (RIS)<sup>11</sup>. The RIS sets out a stable, long-term plan for the SRN, with a clear vision, performance requirements and multi-year funding. This section addresses not simply the first RIS itself, but also the process of putting together the RIS1 (2014) and supporting mechanisms for reporting transferring funds between years. Additionally, it relates to assessing the processes and impacts of future RIS cycles. This strand of the framework has been guided by the following high level evaluation objective:

**Evaluation Objective 1: The evaluation should assess whether the RIS has led to more efficient investment in the SRN compared with the previous investment structure.**

### Logic Maps

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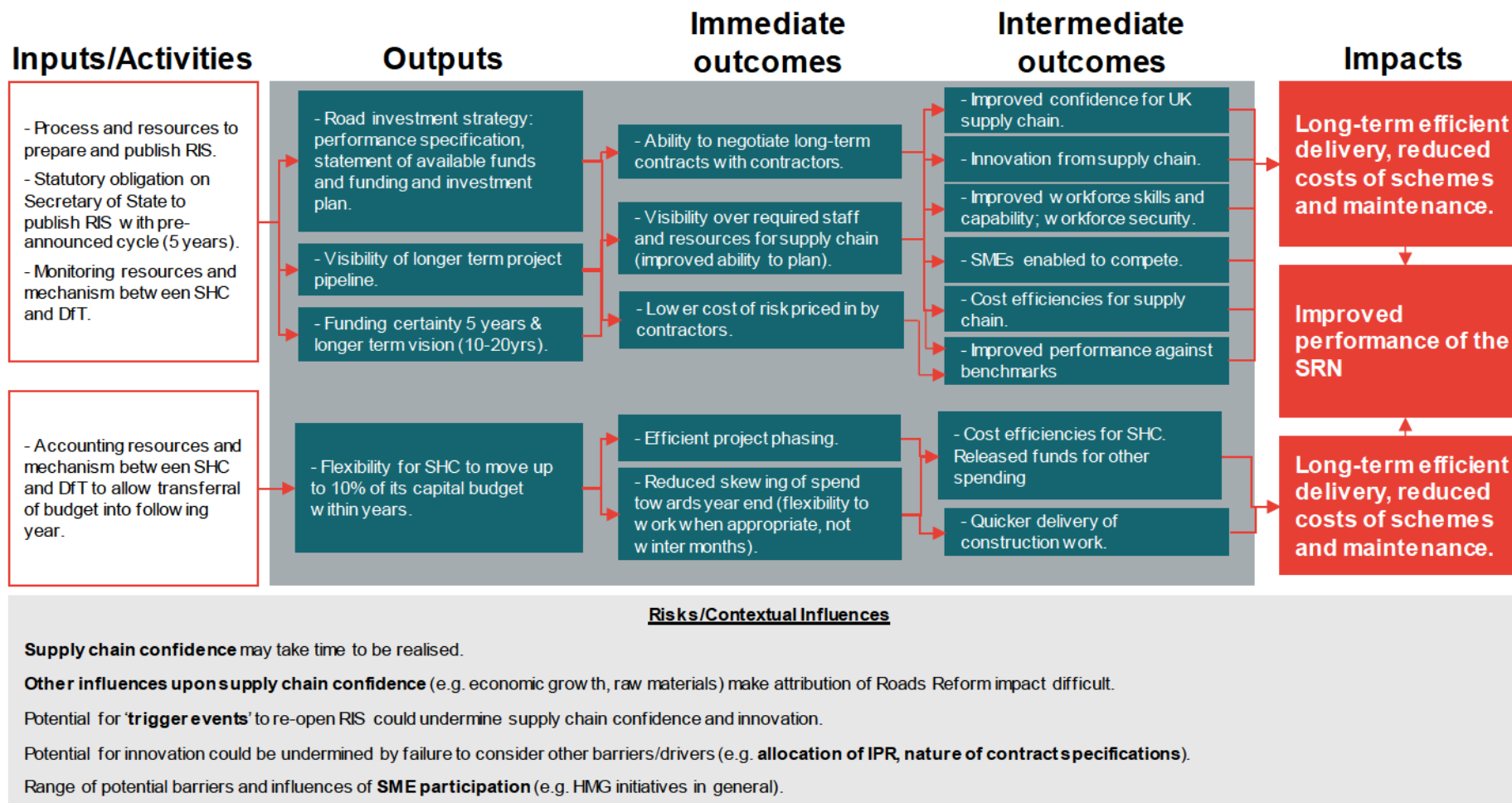
- 2.2 Figure 4 shows the logic map relevant to this chapter. This section provides a brief descriptive overview of the logic map content based on publically available documents prior to January, 2015, such as the Cook Review<sup>12</sup> and 'Transforming our Strategic Roads'<sup>13</sup> as well as interviews with staff at DfT.
- 2.3 Looking at the top chain in the map, the inputs and activities result in a RIS being in place, providing visibility of the longer-term project pipeline for supply chain organisations, and funding certainty over a five-year horizon for the SHC, together with a longer-term vision (over a 10 to 20-year horizon). This should provide the SHC with the ability to negotiate longer-term contracts with suppliers, and reduce the risk built into prices by suppliers thus resulting in lower prices to the SHC. Over time, the supply chain should also have greater visibility over likely levels of staff and resources required to respond to demand, and so an improved ability to plan.
- 2.4 The lower chain addresses end-of-year flexibility. The ability to move 10% of budget between years should enable more efficient project phasing, designed to suit projects rather than to use budgets in a particular timeframe. This should reduce the currently observed skewing of work towards year ends. In turn, this is expected to lead to more stable resource pools for the supply chain, less need to hire large numbers of workers for short periods of time, and therefore lower administrative costs, and greater efficiency. Supply chain organisations should also be able to support larger numbers of permanent staff. These cost efficiencies should result in lower costs to the SHC, allowing greater funds for other spending, and more efficient planning and phasing should result in quicker delivery of construction work.

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<sup>11</sup> DfT and HA, 2014, Road Investment Strategy

<sup>12</sup> Alan Cook, 2011, A fresh start for the strategic road network.

<sup>13</sup> DfT, 2014, Transforming our strategic roads – A summary



Source: Frontier Economics, Risk Solutions

**Figure 4: Logic model: Efficient delivery, RIS and end of year flexibility**

## Evaluation questions

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- 2.5 In this area, we have identified five high level evaluation questions that we recommend should be assessed as part of the Roads Reform evaluation. These have been informed by the assumptions within the logic map. For each evaluation question, we list sub-considerations that might be assessed as part of the overarching evaluation question, together with the key actor(s) who might be involved in evaluating the question and the timeframes at which we expect that some effect could be seen.

### Q1-1: What lessons can be learned from the process of setting up the first RIS so to inform future RIS cycles?

#### Example considerations:

- What were the main enablers and barriers to successfully setting up the RIS?
- Was the process of setting up the RIS completed to the planned schedule?
- Was the process of setting up and delivering the RIS properly resourced (by SHC and DfT) and transparent?
- Were the views of any key stakeholders under-represented (or perceived to be so) in developing the RIS?
- Did any unanticipated problems or inefficiencies arise during the development of the RIS? Why?
- How were QA and rigour ensured?
- Have the processes of RIS2 been informed by those of the first RIS (e.g. sequence, length of time afforded to the development of RIS, levels of stakeholder engagement or consultation)?

#### Evaluation data sources and owners:

- 2.6 The nature of this aspect of the evaluation is focused on the delivery processes and should draw on existing data contained in DfT published documents and Roads Reform programme management information. Additionally, the evaluation might explore judgements and views of multiple parties through qualitative research and hence may require some independent evaluation. An overview of compliance with government requirements might require an independent audit undertaken as part of routine programme management assurance arrangements. Aspects of this question might already be covered by planned activities (e.g. 'lessons learnt' events within DfT) and thus the outputs from such activities should be collected and retained to avoid duplication of effort.
- 2.7 The most valuable approach to this evaluation question might include a light touch evaluation of the first RIS to explore key lessons learnt and then a more detailed process evaluation of RIS2 to detect and address any inefficiencies at an early stage in its development.
- 2.8 It is anticipated that DfT would be the main actor responsible for overseeing an evaluation of this question, however the process evaluation should also draw on the experiences of key stakeholders.

#### Evaluation timeframes:

##### Potential earliest effects: Mar-2014 - Sep-2017

- 2.9 Ideally the process evaluation would have been established during the development of the first RIS. However, it is still possible to make a reasonable assessment if undertaken soon after the completion of the RIS (this was published in December 2014). This is to minimise the risk of key personnel involved in developing the RIS moving on, and to capture the experience as accurately as possible. To maximise the value from any process evaluation, lessons should be learnt from the experience of the first RIS as soon as possible and fed back into the

development of the second RIS cycle. Additionally, a process evaluation of RIS2 should be planned and undertaken as it is being developed (i.e. during the next five years).

### **Q1-2: Does the first RIS incorporate each of the elements and characteristics envisaged in published Roads Reform strategy documents and are these fit for purpose?**

#### **Example considerations:**

- Is there a statutory obligation on the Secretary of State (Transport) to publish the RIS on a pre-announced five-year cycle?
- Have DfT and SHC agreed a clear mechanism by which DfT can monitor progress against the RIS and have they committed adequate resources to undertake that monitoring?
- Is there a transparent, five-year funding commitment from DfT/Treasury against an agreed five-year plan, as well as a longer-term (10 to 20-year) vision?
- Is there a transparent process and the necessary accounting resources/ mechanisms for moving 10% of the budget between years, agreed with UK Treasury?
- Does the process lead to a clear and coherent RIS with an associated performance specification, statement of available funds, proposed phasing of funding and funding/investment strategy?
- Have the SHC, Watchdog or Monitor experienced any unexpected complications when trying to organise their activities based upon the RIS (e.g. due to insufficient detail/depth of the RIS)?
- What effects has the RIS had upon the operations of the SHC, Monitor and Watchdog?

#### **Evaluation data sources and owners:**

- 2.10 An evaluation should refer to all published documents on the DfT website, which can provide information on key elements envisaged for this reform. Additionally, a potential evaluation area would involve assessing the views of the delivery partners in relation to whether the RIS is fit for purpose. For example, this might assess the extent to which the delivery partners perceived the RIS to be resilient from bias, and the strengths and weakness of using the RIS to shape their organisational activities.
- 2.11 It is anticipated that DfT would be the main actor responsible for overseeing an evaluation of this question.

#### **Evaluation timeframes:**

##### **Potential earliest effects: Mar-2015 - Dec-2015**

- 2.12 This question largely relates to whether the key Roads Reform inputs are in place at the time the SHC is launched – but we suggest the need to be aware of any possible refinement of the process over the first few quarters - hence the Dec 2015 'maturity' date. Additionally, the evaluation could begin to assess whether the RIS is fit for purpose at an early stage, when the SHC, Monitor and Watchdog are responding and organising activities based upon the RIS. There is an immediate need to ensure that milestone dates are being recorded – planned and actual – and that a document bank of information is being secured.



### **Q1-3: What effect has the RIS (and the ring-fencing of funds) had upon the SHC's contract negotiations with suppliers, compared with the previous HA structure?**

#### **Example considerations:**

- Does the RIS allow the SHC to negotiate contracts with suppliers that cover a longer period than those typical under the HA?
- Is there evidence that such longer-term contracts are being awarded, within the period of the first RIS (and beyond)? If not, why not?
- How has the SHC supply chain reacted to the ring-fencing of funds?
- What changes to the negotiation approach of the SHC have occurred as a result of the RIS?

#### **Evaluation data sources and owners:**

- 2.13 The legislation, licence agreement and framework documents (including funding commitment) form the evidence that permit or enable longer-term contracting. Longitudinal data sets are likely to comprise an important element of evaluating this question as they will enable an assessment of whether (and how) the compositions of SHC contracts have changed over time to assess whether longer-term contracts are being established. Additionally, the SHC should be able to provide evidence that can help to answer this question (e.g. POPE could be used to compare actual spend on projects over time).
- 2.14 It is anticipated that the SHC will be the main actor responsible for overseeing an evaluation of this question. However, it may be appropriate for DfT to quality assure the answer to this evaluation question if this does not fall within the remit of the Monitor.

#### **Evaluation timeframes:**

##### **Potential earliest effects: Mar-2015 - Mar-2023**

- 2.15 The earliest evaluation is of whether the RIS (along with any relevant governance arrangements discussed in the next section) permits and enables longer-term contracting than at present. Assessing the changes to contracts will take time to emerge as the existing contracts with HA need to be completed before new contracts are set up (assuming that existing contracts with the HA will novate across to the SHC without changes to terms and conditions or duration).
- 2.16 It is important that the collection of baseline data for this question begins as soon as possible. This should involve the identification of recent HA contract data for common types of work, to provide a baseline for factors such as contract rates, how work is planned, and when it is actually carried out. This will allow comparison with SHC data to assess whether the new arrangements are affecting contract negotiations.

### **Q1-4: Has the provision of longer-term and stable funding increased the efficiency of investment in the SRN?**

#### **Example considerations:**

- Is there an observable impact on supply chain confidence arising from the longer-term funding certainty?
- Are risk provisions as a percentage of contract value reducing over time as a result of increased funding certainty?
- Are supply chain organisations making longer-term decisions in planning staff and resources compared to the pre-reform scenario?
- Is there any evidence that the increased certainty of the SHC project pipeline has resulted in increased SME presence in the supply chain?

- Is the SHC able to capitalise on efficiency savings by delivering more within the given budget, or in a subsequent RIS?
- Does the governance framework facilitate a higher level of internal and sub-contracted skills to be available for the SHC?
- Is there any evidence that supply chain costs for a given type of work are reducing or that comparable construction work is being completed more quickly?

#### Evaluation data sources and owners:

- 2.17 The data to support evaluation of this question includes commercially sensitive information so there is a need to assess the feasibility of collecting data. Some aspects may only be available using information available through POPE or information from the procurement process. For example, the costs and periods of common types of work before the Reform programme could be compared with those after the Reform (or quantities of work for a given value could be tracked) and SME participation in supply chain contracts could be measured. Surveys of the supply chain would also be a potentially important way to assess this question. For example, surveys could provide indicators such as proportion of permanent versus short-term employees, growth in apprenticeship and graduate schemes and supply chain confidence.
- 2.18 Some aspects of this question might be covered within the remit of the Monitor. Areas that fall outside of the Monitor's remit in relation to this question might need to be overseen by DfT and/or the SHC.

#### Evaluation timeframes:

##### Potential earliest effects: Sep-2018 - Mar-2020

- 2.19 A large element of this question relates to assessing whether efficiencies within the supply chain are occurring as a result of the Roads Reform programme, and if these are resulting in more efficient investment in the SRN. The supply chain might be unlikely to change behaviours or attitudes in the short-term. Confidence will increase over time - it may take three years (when there is evidence of longer-term contracts fulfilled and supply chain expectations met) until experience allows the supply chain to gain sufficient confidence to take risks on the basis of future work.
- 2.20 There is an urgent need to establish a baseline for this question. If surveys of supply chains are used, these could be assessed using a repeated measures design to assess changes in confidence and recruitment practices. Baseline procurement and contract data should also be collected to identify and track whether the efficiency of investment is increasing over time for common and comparable projects (see also evaluation question Q4-1).

### Q1-5: What effect has the 10% annual budget flexibility (with the longer-term overall funding certainty) had on the efficiency of delivering programmes of work, value for money or other outcomes?

#### Example considerations:

- Is the 10% annual budget flexibility being used?
- Is there evidence of smoother work profiles with less skewing towards year-end? (This may result from year end budget flexibility and/or longer-term planning).
- If there is evidence of smoother work profiles, is this resulting in the employment of more permanent staff in the SHC supply chain and lower administrative costs?
- Is the freedom to phase work more flexibly resulting in wider benefits beyond smoother work profiles (e.g. road user/road worker safety, road work related congestion)?

**Evaluation data sources and owners:**

- 2.21 There should be clear evidence of whether the budget flexibility is being used at each year-end and for what purpose. Attribution of any gains in efficiency directly to the reduced year-end skewing of spending may be harder to quantify, but may be amenable to case study evidence or qualitative research. Elements of this question potentially overlap with previous questions; for example, surveys could assess how the SHC supply chain has responded to smoother profiles of work (e.g. proportions of permanent staff).
- 2.22 The SHC could provide evidence of the use and impacts of budget flexibility upon work profiles. An independent evaluation, potentially overseen by the SHC and/or DfT, of the effects that smoother work profiles have upon the supply chain might also be important.

**Evaluation timeframes:****Potential earliest effects: Mar-2017 - Mar-2020**

- 2.23 The effects of budget flexibility might be observable at the end of financial year 1 of the SHC, but it is more likely to take a year or two for the profile to be smoothed out. Evidence over the whole first RIS would be required to demonstrate that the intended effect had been achieved.
- 2.24 An evaluation of this question should involve the collection of baseline data as soon as practical so to assess changes in the effects of budget flexibility from periods when the HA did not have the flexibility to move up to 10% of budgets.

### 3 GOVERNANCE FRAMEWORK FOR STRATEGIC HIGHWAYS COMPANY

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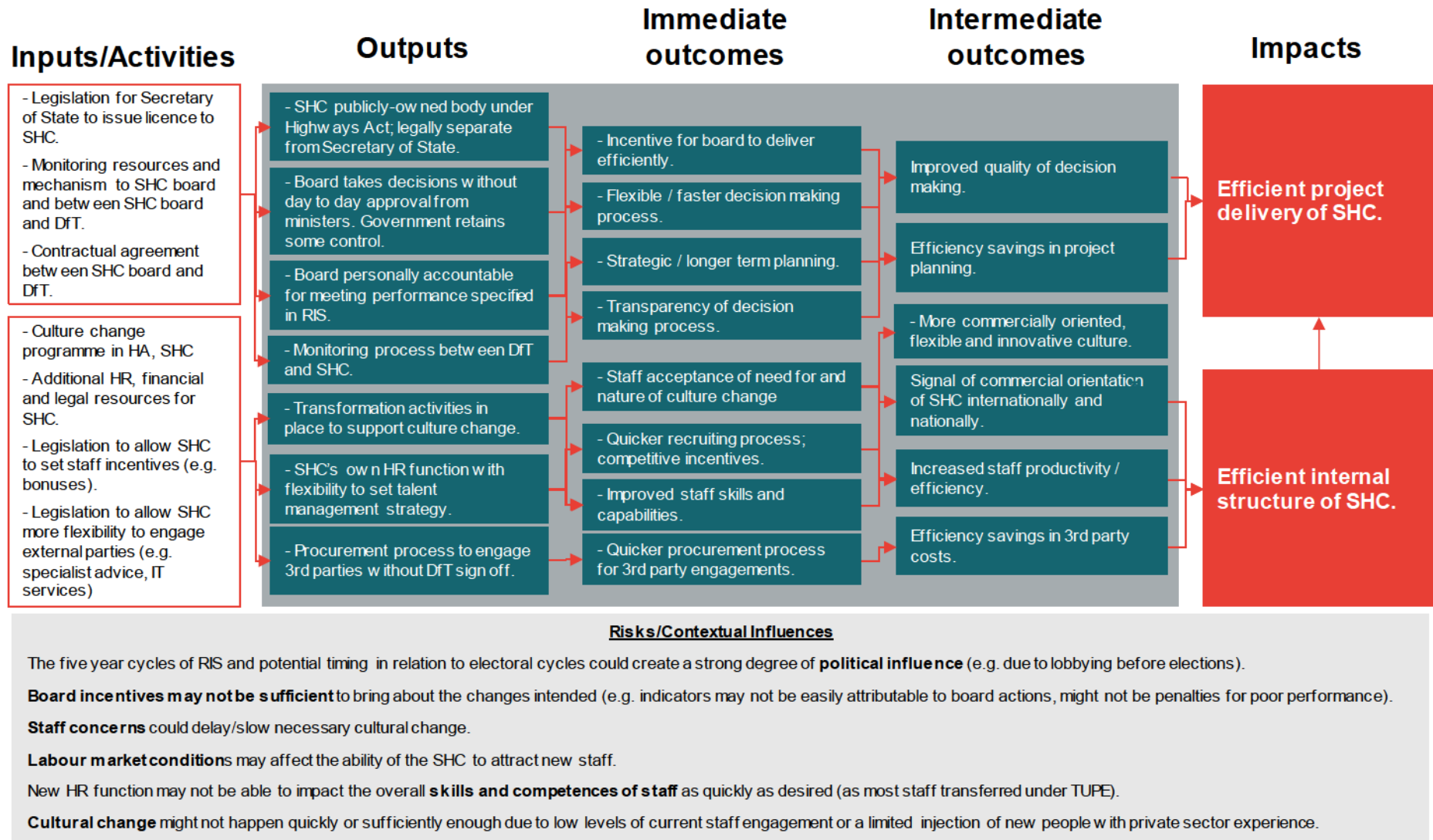
- 3.1 This element of the Roads Reform programme relates to creating an independent SHC, with a board that is accountable for the delivery of specified outcomes, and a HR function with greater freedom to set incentives to enable recruitment of additional skills. Evaluation of these elements supports the following high level evaluation objective:

**Evaluation Objective 2: The evaluation should analyse whether the reformed processes and governance structure of the SHC have enabled it to operate in a more flexible and efficient manner.**

#### Logic maps

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- 3.2 Figure 4 shows the logic model for these elements of the Reform programme, identifying two separate logic chains.
- 3.3 Legislation to allow issue of the licence to SHC is a key part of the first chain. Other activities include putting into place monitoring mechanisms between the SHC and DfT, and contractual agreements between the SHC Board and DfT. These will result in the creation of a publicly owned body under the Highways Act, legally separate from the Secretary of State. It will make decisions without day-to-day approval from Ministers, although the government will retain some control. The board will be accountable for meeting performance targets specified in the RIS and will be incentivised to deliver this efficiently. The enhanced independence of the SHC, alongside an agreed five-year RIS and longer-term vision, will facilitate longer-term and more strategic planning by the board and the monitoring mechanisms will facilitate more transparent decision-making processes. These should bring about improved quality of decision-making, and efficiencies in project planning.
- 3.4 The second chain relates more to the transformation programme within the HA. Culture change, focusing on increased commercial awareness, agility and innovation, is key in order to support and enable other elements of this chain to achieve their aims successfully. These include the provision of a new HR function, as well as additional financial and legal resources for the SHC, together with legislation to allow the SHC to set its own HR policies. This will enable the SHC, if considered desirable, to offer incentives such as bonuses and set its own talent management strategy. Other aspects of the legislation will allow the SHC greater flexibility to engage external parties, such as specialist consultancy advice, or IT services. These are expected to lead to an acceptance by existing staff of the need for change, with a quicker recruitment process in place for new staff, facilitated by the ability to offer competitive incentives. The SHC is expected to improve the skills and capabilities of its staff through these means, augmented by the ability to engage third parties quickly when necessary. These will lead to a more commercially oriented, flexible and innovative culture, with increased staff efficiency and efficiency savings in engaging third parties. It is also expected that the changes will signal SHC's more commercial orientation both nationally and internationally.
- 3.5 The ultimate impacts from these two chains are more efficient delivery of projects by the SHC, and a more efficient internal structure. Figure 5 shows the logic map that has underpinned the discussions in this chapter.



Source: Frontier Economics, Risk Solutions

Figure 5: Logic model: Governance framework for SHC

## Evaluation questions

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- 3.6 Questions for this strand of the Roads Reform programme are intended to assess whether the change in governance arrangements (between DfT & SHC) and organisational reform have been effective in transferring decision-making responsibilities from DfT to a new organisation that is effectively incentivised and commercially aware.

### Q2-1: Was the process of setting up the new governance and organisational design of the SHC completed as originally envisaged?

#### Example considerations:

- Was the legislation, the licence, any other documentation required to establish the SHC, all in place according to the published schedule?
- Were the resources (including funding) and mechanisms for DfT to monitor the licence and board responsibilities in place according to the published schedule?
- Were the DfT/SHC Board contracts in place on time?
- Was the SHC established as a separate body under the Highways Act on time?
- Was the planned new HR function, along with additional financial management and legal resources, in place, with an adequate staff and budget, at the time the SHC was established (or before)?
- Are all the 'flexibilities' envisaged in Roads Reform available to the SHC (including setting of staff incentives, engagement of 3rd parties)?
- Were there any aspects of setting up the new governance and organisation design that were delayed or did not occur? Why?

#### Evaluation data sources and owners:

- 3.7 One element of this question will require reference and crosschecking of all published documents to assess and ensure all of the key elements envisaged for this reform are in place (the logic maps presented in this document also highlight key elements envisaged for the reform). Additionally, qualitative research with key personnel should be considered a key potential component of answering this question. To ensure confidentiality and ethical adherence, this might require independent research. It is anticipated that DfT and SHC would need to collaborate so to assess how this evaluation question will be addressed.

#### Evaluation timeframes:

##### Potential earliest effects: Jan-2015 – Mar-2017

- 3.8 All elements of setting up the new SHC should be agreed and put in place by the time of SHC 'Go-Live' at the end of March 2015. Indications of whether the preparatory work necessary to meet the final deadline is going according to plan, ought to be visible by now (January 2015). However, it might take longer than this before it is possible to assess whether the SHC has been able to offer terms that is able to attract suitable external candidates to board positions.

### Q2-2: Has the SHC obtained increased flexibilities in: i) decision making; ii) staff incentivisation; and iii) recruitment?

#### Example considerations:

- Has the right balance between autonomy, flexibility and accountability been delivered by the change in the SHC's governance structure? (E.g. is DfT adequately engaged in the process while leaving enough flexibility for the SHC to act independently?)

- Does the board have sufficient flexibility to select projects and timing without reference to DfT?
- What are the implications for the board if it does not deliver as specified?
- Are the incentives for the SHC to deliver its long-term strategy adequate?
- Does the SHC have freedom to engage 3rd parties quickly without DfT sign off?
- What effect has the transformation of the SHC had upon staff productivity, engagement and confidence in the senior leadership team?
- Does the SHC have greater ability to recruit and retain staff with the required skills to implement the RIS?
- Is the new SHC HR function operational, with clear objectives and adequate resources?
- Is there a new, clear and transparent talent management strategy?
- Compared with the HA, is there a quicker recruiting process with competitive incentives to bring new talent into the SHC team?
- Have the efforts and resources utilised to improve overall skills and capabilities of staff (e.g. through up-skilling existing staff and/or through external recruitment) been effective?
- How has the SHC's decision-making ability changed as a result of ring-fenced funding?

#### Evaluation data sources and owners

- 3.9 Details of the terms and conditions, including incentives, for the new board and the SHC as a whole will be stated in the relevant DfT documents. The effect of those new arrangements may require some audit or independent review. Part of this question might require collaboration between the SHC and DfT in relation to the visibility of benefits management work conducted by the SHC. Longitudinal evidence from staff surveys can also provide understanding to how the reforms have affected staff skills, productivity and recruitment. Recruitment data (e.g. number of applicants, time taken to fill post, proportion of posts filled by external candidates) could also provide valuable insight into an evaluation of this question. Additionally, qualitative research with key personnel could help to assess whether they perceive the governance reform to have resulted in an optimal level of independence and flexibility for the SHC.
- 3.10 It is anticipated that a review of this question might be conducted by an independent evaluator, but they are likely to draw on evidence provided by the SHC and monitor.

#### Evaluation timeframes

##### Potential earliest effects: Mar-2015 – Mar-2020

- 3.11 The existence of the new arrangements will be clear at SHC 'Go-Live'. The effect of the new arrangements will need periodical assessment up to the end of the first RIS period. DfT might consider evaluation at the mid-point (Sept 2018) and at the end of the RIS period. However, key metrics may need to be tracked routinely using existing monitoring processes (e.g. staff surveys). It is important that any pre-existing internal evaluations that have been conducted by the HA are secured as these might be able to provide baseline data. Additionally, a baseline of recruitment data should be ascertained as soon as possible.

### Q2-3: Have organisational development changes led to an increased level of commercial awareness within the culture of the SHC? Has this cultural change resulted in behavioural change?

#### Example considerations:

- Are activities in place to support culture change in SHC, especially in relation to commercial behaviour?
- Has the SHC's approach to building culture change been effective?

- Is there evidence of SHC actions that are more commercially orientated compared with those under the previous HA governance structure?
- In which elements of SHC's operations has increased commercial awareness been apparent?
- Have there been any key barriers to cultural change within SHC?

#### **Evaluation data sources and owners**

- 3.12 This is one of the most subtle areas for evaluation, since it requires that the measures to change the organisational culture are reviewed and the end effect assessed as perceived by the full range of stakeholders who work in or relate to the SHC.
- 3.13 It is likely this will require both audit and survey work to be carried out by an independent evaluator. This might be overseen collaboratively by DfT and SHC.

#### **Evaluation timeframes**

##### **Potential earliest effects: Jan-2015 to Mar-2025**

- 3.14 To properly assess the change in commerciality, a baseline audit or survey of key stakeholders is necessary. This may then need evaluating at the mid-point of the RIS (at which point the evidence of supply chain confidence may also be emerging) and the end of the first RIS, since the manner in which the second RIS is negotiated will itself be an indicator of SHC commerciality. Culture change may take more than one RIS to be fully embedded and thus an evaluation of this question may span more than one RIS cycle. The SHC should seek to ensure that a baseline of cultural assessment is established, including assessment of commercial awareness and commercial orientation.



## 4 ENSURING ACCOUNTABILITY: WATCHDOG AND MONITOR

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- 4.1 Accountability here refers to two separate elements; accountability to road users (largely achieved through the Watchdog), and accountability to taxpayers, which can be considered as delivering value for money (largely achieved through the Monitor). The following evaluation objective has guided the content of this chapter:

**Evaluation Objective 3: The evaluation should assess the effectiveness of the Watchdog and Monitor's structures, assurance processes and monitoring activities.**

### Logic maps

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#### Accountability to road users: Watchdog

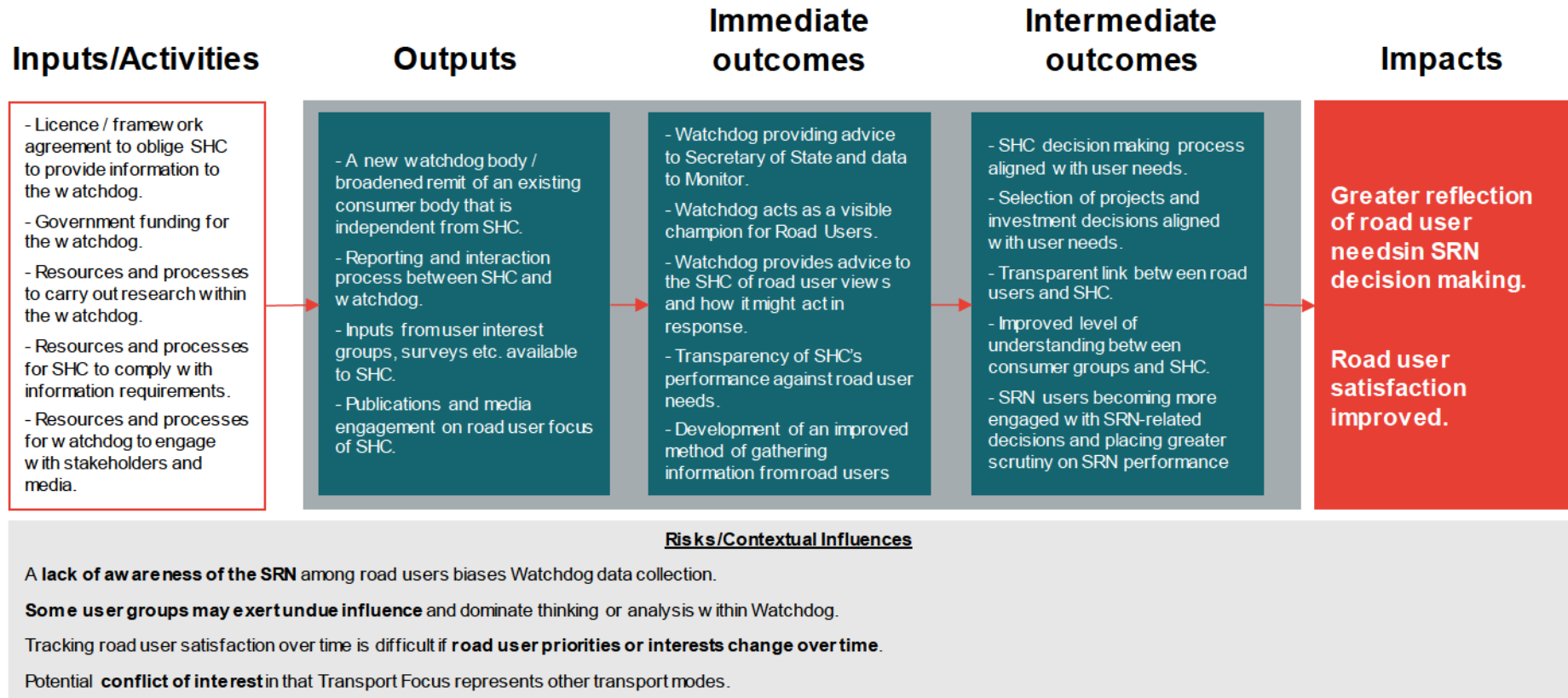
- 4.2 Roads Reform activities here are intended to bring about an improved service to road users, and clearer accountability of the SHC to motorists and other users. The 'other users' widens the focus to include not just individuals using the network, but bodies representing groups such as freight, passenger transport and road safety. The Cook Review<sup>14</sup> suggested that a stronger focus on road user needs would improve value for money for taxpayers from the SHC. The Watchdog is intended to address accountability to road users, and will be operated by Transport Focus – Road Users, which is also home to Transport Focus - Passengers.
- 4.3 Figure 6, below, shows the logic model representing the Theory of Change in this strand of the evaluation framework. The inputs and activities shown relate to activities associated with the development and resourcing of the Watchdog. These help the Watchdog to deliver a number of outcomes. Firstly, the Watchdog will provide advice to the Secretary of State (including to inform the RIS). Secondly, the Watchdog should protect and promote the interests of SRN users. This should include acting as a publically visible champion for road users, helping the SHC to understand the implications of its research findings, and where appropriate advising the company on how it might act in response. Thirdly, the SHC's performance against road users' needs will be more transparent. Additionally, it is expected that an improved method of gathering information from road users will be established.
- 4.4 The provision of advice by the Watchdog and the championing of road users should ensure that SHC decision-making processes (e.g. investment decisions) are better aligned with road user needs. Improved transparency is a theme that runs through the Roads Reform programme, and the activities undertaken in this area are expected to result in a more transparent link between road users' interests and the SHC, and an improved level of understanding between road user groups and the SHC. Ultimately, it is expected that the SRN will thus better meet road user needs, and that road user satisfaction will improve.

#### Delivering value for money: Monitor

- 4.5 The purpose of Monitor is to examine the performance and activity of the SHC, to take enforcement action where justified and to advise the Secretary of State and his officials on how the company has carried out its functions. Current plans are that monitor will sit within and be operated by the Office of Rail Regulation (ORR), and will be entitled to enforcement action to help drive the performance and efficiency of the company through non-statutory (e.g. public comment) or statutory actions (e.g. the issue of fines).

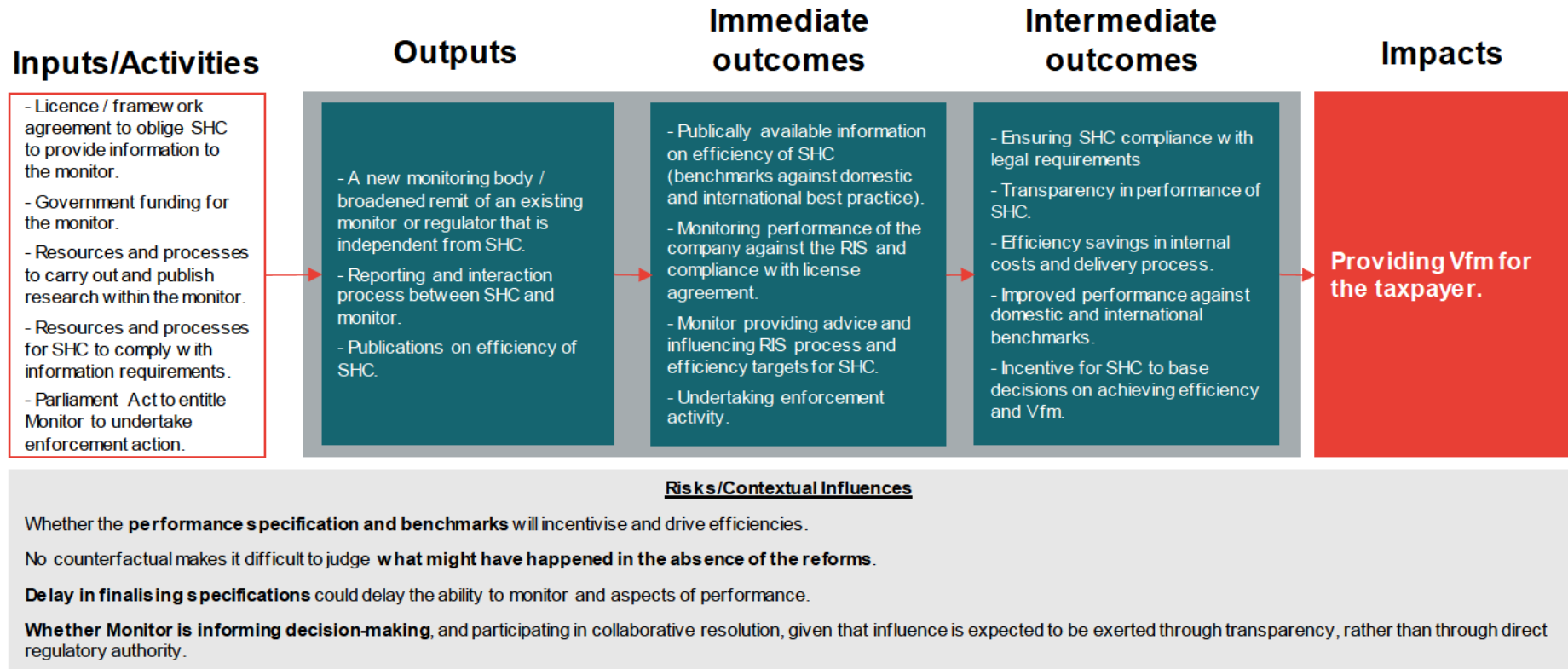
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<sup>14</sup> Alan Cook, 2011, A fresh start for the strategic road network.



Source: Frontier Economics, Risk Solutions

Figure 6: Logic model, Accountability to road users: Watchdog



Source: Frontier Economics, Risk Solutions

**Figure 7: Logic model, Delivering value for money to taxpayers: Monitor**

- 4.6 As the logic model shows in Figure 7, the Monitor needs to be set up with adequate resources, funding and processes to carry out its role, and to ensure that the SHC will provide necessary information. Processes will be in place to allow reporting and interaction between the SHC and the Monitor so to fulfil its statutory remit. Information on SHC efficiency will be made publicly available, including benchmarking against domestic and international best practice. This will support enhanced transparency. The Monitor will provide advice to SHC and to the Secretary of State to support the setting of the RIS and to influence efficiency targets for SHC. The Monitor will also be entitled to undertake enforcement action through non-statutory (e.g. public comment) or statutory (e.g. issues of fines) actions. These will be used as a tool to encourage good performance and more effective patterns of behaviour. In addition, it is expected that feedback on efficiency will result in cost and time savings within SHC. Feedback is expected to result in observable improvements in performance against domestic and international benchmarks, and along with advice from monitor, to provide an incentive for SHC to include consideration of efficiency and value for money in its investment decision-making. Ultimately, the reforms in this area are expected to result in improved value for money for the taxpayer.

## Evaluation questions

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- 4.7 The evaluation questions here are intended to establish the extent to which the creation of the Watchdog and Monitor has been effective in holding the SHC to account and has therefore led to greater influence for road users and improved value for money for taxpayers.
- 4.8 A potential area of evaluation relates to the effectiveness of the processes associated with setting up the Watchdog and Monitor. However, because setting up the Watchdog and Monitor is a non-repeated activity, the value of evaluation in this area appears limited because any lessons learnt will likely be of limited benefit to Roads Reform going forward. Consequently, the evaluation questions centre upon learning about the effectiveness of the Watchdog and Monitor and identifying ways of making improvements to their processes, as well as the impacts that the two bodies are having.

### Q3-1: Are the structures and powers afforded to the Monitor and Watchdog fit for purpose?

#### Example considerations:

- Was the process of setting up Watchdog and Monitor completed to the planned schedule?
- What were the main enablers and barriers to successfully setting up Watchdog and Monitor?
- Are the SHC processes, staffing and budget sufficient to interact with DfT, Watchdog and Monitor all in place?
- Are the funding, agreements and resourcing of the Watchdog and Monitor sufficient to enable them to fulfil their assurance obligations?
- Does the SHC licence agreement oblige the company to provide Watchdog and Monitor with the data they require?
- Are the Watchdog and Monitor creating any unnecessary inefficiencies within the operations of the SHC?
- Are the Watchdog and Monitor achieving the standards of assurance that were originally envisaged?
- Are the Watchdog and Monitor independent (independent from SHC and parent bodies (Transport Focus/Office of Rail Regulation))?

- When required, has the Monitor carried out appropriate enforcement actions in accordance with agreed enforcement policies? What effects have these had?

#### Evaluation data sources and owners

- 4.9 Some aspects of this question can be evaluated from management data, but a significant part of the data will need to come from a review of evidence generated by the Monitor and Watchdog and qualitative research with key stakeholders. The evaluation design should prioritise learning about aspects that can be used to influence improvements in the structure or approach taken by the Monitor and Watchdog.
- 4.10 It is anticipated that DfT and potentially an independent evaluator will have an important role in assessing this question.

#### Evaluation timeframes

##### Potential earliest effects: Apr-2015 to Sep-2018

- 4.11 The evaluation of this question is likely to require periodic feedback covering the full period of the first RIS as a minimum. An initial assessment of whether they were set up and operating with adequate resources could be reviewed after around one year so to assess how the Monitor and Watchdog are performing.

### Q3-2: What effect is the independent challenge of the Watchdog and Monitor having upon the performance of the SHC?

#### Example considerations:

- Are the outputs from the Watchdog and Monitor clearly measuring the SHC's performance against user needs / efficiency measures?
- Is the Watchdog making the SHC's performance against road user needs transparent to all interested stakeholders (including the SHC)?
- Are the Monitor and Watchdog demonstrating credibility and sound judgement?
- How is the SHC using information from the Monitor and Watchdog in its decision-making?
- How is the DfT using information from the Monitor and Watchdog in its decision-making relating to the SHC and the SRN?
- What are the incentives for the SHC to respond to outputs from the Watchdog and Monitor? Are these effective?
- What effects are international and domestic comparisons by the Monitor having upon the SHC?

#### Evaluation data sources and owners

- 4.12 A large part of the role of both the Watchdog and Monitor is to publish results of their work assessing the performance of the SHC - providing much of the data needed to answer this question. DfT might need some additional evidence to assess how well the two bodies are influencing SHC and DfT decision making. This is likely to draw on qualitative judgements from key stakeholders.

#### Evaluation timeframes

##### Potential earliest effects: Mar-2016 to Mar-2020

- 4.13 For all aspects of this question, an initial evaluation could be possible at the end of year 1. For a mature evaluation you would need to build up a picture over the first RIS cycle. The Watchdog may be in a position to provide outputs offering advice after a year or so, but outputs sufficient to enable challenge of decisions are unlikely to be available until at least two years have elapsed.

### Q3-3: Are the Monitor's requests for data from the SHC (and the SHC's responses) proportionate?

#### Example considerations:

- Are all data requests from the Monitor necessary?
- Are the SHC's responses to data requests from the Monitor proportionate?
- How frequently does the Monitor request data from the SHC?
- Are there any criteria or guidelines that determine when the Monitor will request data from the SHC? Are these fit for purpose?
- Is it possible to identify improvements to processes regarding data requests from the Monitor, and responses from the SHC?
- Are there opportunities to learn from data requests, and responses to these, from other sectors?
- How has the Monitor applied the outcomes of its data requests?

#### Evaluation data sources and owners

- 4.14 An assessment of this question relies upon assessing the number, type and rationale of data requests from the Monitor, as well as how the SHC responds to these. As such, information on data requests will be required to assess this question. Additionally, qualitative research with personnel from the SHC and Monitor is likely to be needed to understand the effectiveness of data requests, and whether improvements can be identified. There may also be potential to compare data requests with those in other sectors to compare proportionality and learn lessons. An assessment of this questions is likely to require an independent oversight, potentially from DfT.

#### Evaluation timeframes

##### Potential earliest effects: Mar-2016 to Mar-2020

- 4.15 This is an evaluation question that could be continually tracked to pick up on any inefficiencies. It is likely to be particularly important within the first year of the Monitor's operations. This will enable identification of any issues in relation to data reporting at an early stage. For all aspects of this question, an initial evaluation could be possible at the end of year 1.

### Q3-4: Are the Monitor and Watchdog effectively delivering their statutory remits?

#### Example considerations:

- Have the Monitor and Watchdog fulfilled their obligations set out in their respective memoranda of understanding?
- Have the Monitor or Watchdog experienced any issues in trying to fulfil any aspects of their respective memoranda of understanding?
- Is there the potential to bring about improvements in the way the Monitor and Watchdog fulfil their statutory remits?
- Have the outputs and advice of the Monitor and Watchdog been effective in guiding policy decisions (such as future iterations of the RIS)?
- Has the Watchdog, through its collection of user views and dissemination of analysis, established user trust and made the performance of the SRN more transparent?

**Evaluation data sources and owners**

- 4.16 Some aspects of this question can be evaluated from management data, but a significant part of the data will need to come from a review of evidence generated by the Monitor and Watchdog and qualitative research with key stakeholders. Qualitative research is likely to be particularly important for some of the broader considerations and is likely to require the participation of individuals managing the various interfaces between SHC, DfT, the Monitor and the Watchdog as well as road users and other stakeholders.
- 4.17 It is anticipated that DfT and potentially an independent evaluator will have an important role in assessing this question.

**Evaluation timeframes:****Potential earliest effects: Apr-2015 - Sep-2018**

- 4.18 The evaluation of this question is likely to require feedback covering the full period of the first RIS. An initial assessment of whether the two bodies have delivered against their statutory remits so far could, however, be carried out after around one year to assess how the Monitor and Watchdog are performing.

## 5 ASSESSING THE LONG-TERM IMPACTS OF ROADS REFORM

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- 5.1 This section provides a brief descriptive discussion of the potential to evaluate the long-term impacts of the Roads Reform programme. This relates to the following overarching evaluation objective:

**Evaluation Objective 4: The evaluation should establish whether the Roads Reform programme is on track to meet its long-term objectives.**

### Logic maps

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- 5.2 This section does not correspond to a specific logic map. Instead, this section relates to the 'impacts' section of the logic maps in the previous three chapters. This section is distinct because it refers to overarching impacts of the Roads Reform programme that crosscut each of the three prior sections, rather than corresponding to a specific section.
- 5.3 The logic maps allude to a number of overarching impacts that are anticipated to result from the Roads Reform programme as a whole. These include increased efficiency savings when investing in the SRN, enhanced performance of the Strategic Highways Company and enhanced road user satisfaction.
- 5.4 A key projected long-term impact of the different Roads Reform strands is the more efficient delivery of schemes and maintenance. For example, by 2040 there is an aspiration that schemes and maintenance on the SRN will be delivered at 30%–50% lower cost than today<sup>15</sup>. These efficiencies are expected to be achieved in a number of ways; e.g. efficiencies are expected to result from longer-term funding and planning associated with the RIS and the governance changes to the SHC.
- 5.5 It is anticipated that the Roads Reform programme will result in enhanced performance of the SHC for a number of reasons. These include the ability to negotiate longer-term contracts with suppliers, the development of more commercially orientated culture and behaviour and as a result of the SHC's relationships with the Monitor and Watchdog.
- 5.6 The logic maps show that improved satisfaction of SRN users is another long-term impact that is expected from the Roads Reform programme. This is due to a number of factors including the championing of SRN user needs by the watchdog, and the RIS leading to the delivery and negotiation of better outcomes for SRN users.
- 5.7 In isolation it will be difficult to attribute any changes in long-term impacts to the Roads Reform programme. However, using a theory-based approach that tests the causal links that lead to these impacts (i.e. the evaluation questions of the earlier chapters) as well as measuring progress towards the longer-term impacts will help to provide confidence and rigour.

### Evaluation questions

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#### **Q4-1: What level of efficiency savings has been delivered by the Roads Reform programme?**

- 5.8 A central part of Roads Reform is the realisation of efficiencies through organisational changes within the SHC and through the responses of the SHC supply chain to the Reform programme, which will be driven and exploited through the SHC's tendering processes<sup>16</sup>. As

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<sup>15</sup> DfT and HA, 2014, Road Investment Strategy: Strategic Vision

<sup>16</sup> DfT, 2014, Case for creation of a new public body in place of the Highways Agency



such this question relates to a collective assessment of the efficiency savings delivered by the Reform programme.

- 5.9 This question might be assessed through and triangulated through a number of evidence sources:
- The Monitor's assurance activities are likely to help address much of this question. For example, the Monitor's role will include benchmarking costs and efficiency against other infrastructure providers, both in the UK and abroad, so that it is clear where the SHC is providing a world class service, and where it can improve<sup>19</sup>.
  - Some data for assessing this question could be drawn from the meta-analysis of POPE, which assesses whether a road scheme has delivered the benefits and impact predicted<sup>17</sup>. For example, some aspects of benefit-cost ratios within POPE might help to assess whether the same benefits are being delivered from lower levels of investment.
  - This question could also seek to assess the extent to which efficiencies within the SHC supply chain have been realised. This is an area where there would be an urgent need to collect baseline data to capture any changes in the efficiencies within the SHC supply chain over time.
  - It is important that consideration is given to evaluating whether more efficient delivery of maintenance schemes has occurred, which appear less likely to be captured by planned monitoring and evaluation activities such as POPE.
- 5.10 This question might also require collaboration with the Department for Business, Innovation & Skills (BIS) given that this question is aligned with BIS's involvement with supply chains, innovation and economic growth.

#### **Q4-2: How has the Roads Reform programme affected the performance of the SHC?**

- 5.11 It is anticipated that the evaluation of this key question will be captured within the role of the Monitor and the performance specifications<sup>18</sup>.
- 5.12 The Performance Specifications set out indicators for the SHC in relation to eight overarching priority areas. To avoid duplication, it is proposed that these indicators should be viewed as a key data source in relation to assessing the performance of the SHC.
- 5.13 A central role of the Monitor will involve assessing the performance and efficiency of the SHC, and checking that it is complying with the terms of its licence and delivering what is required under the RIS<sup>19</sup>. It is important that the Monitor agrees an approach for performance benchmarking or efficiency indicators, and identifies relevant data sources for baselining, as soon as practically possible.

#### **Q4-3: Has the satisfaction of SRN users increased?**

- 5.14 The Watchdog will be responsible for championing the views of SRN users and using them to shape policy and decision-making. However, it cannot be assumed that a greater reflection of SRN user needs will necessarily translate to increased satisfaction.
- 5.15 For the first RIS, it is anticipated that SRN user satisfaction will be measured by the National Road Users' Satisfaction Survey (NRUSS)<sup>20</sup>. It is important that the Watchdog identifies NRUSS measures to be collected going forward that will allow comparison against a baseline and establishes plans for collecting and analysing user data. For road user satisfaction, it is

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<sup>17</sup> HA, Research at HA- <https://www.gov.uk/government/organisations/highways-agency/about/research#post-opening-project-evaluation-pope>

<sup>18</sup> DfT and HA, 2014, Road Investment Strategy: Performance Specifications

<sup>19</sup> DfT, 2014, Transparency for Roads: creating the Watchdog and Monitor

<sup>20</sup> HA, 2013, National road users' satisfaction survey (NRUSS)

anticipated that revisions to existing methods of collecting road user satisfaction (from NRUSS) might occur. If a new survey (or surveys) were to replace NRUSS, it would be useful for a few questions to remain in place to allow continued comparison. Meaningful data needs to cover a whole year (to take account of any seasonality) and in order to see any trends, clearly a minimum of two years' worth of data will be needed.

#### **Q4-4: Have there been any unintended consequences that have resulted from the Roads Reform programme?**

- 5.16 It is important that evaluations consider any harmful or beneficial consequences of a policy that might not have been anticipated<sup>21</sup>. These unintended consequences might be experienced by those directly affected by the Reform programme (e.g. SRN road users, the SHC supply chain) or more widely by those indirectly affected by the reforms. It is important that unintended consequences are considered across the design of the Roads Reform evaluation and, if feasible, when exploring each of the evaluation questions. Qualitative research with key stakeholders is one important method by which unintended consequences more broadly could be identified.

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<sup>21</sup> HM Treasury, 2011, The Magenta Book: Guidance for Evaluation

## 6 NEXT STEPS FOR DfT

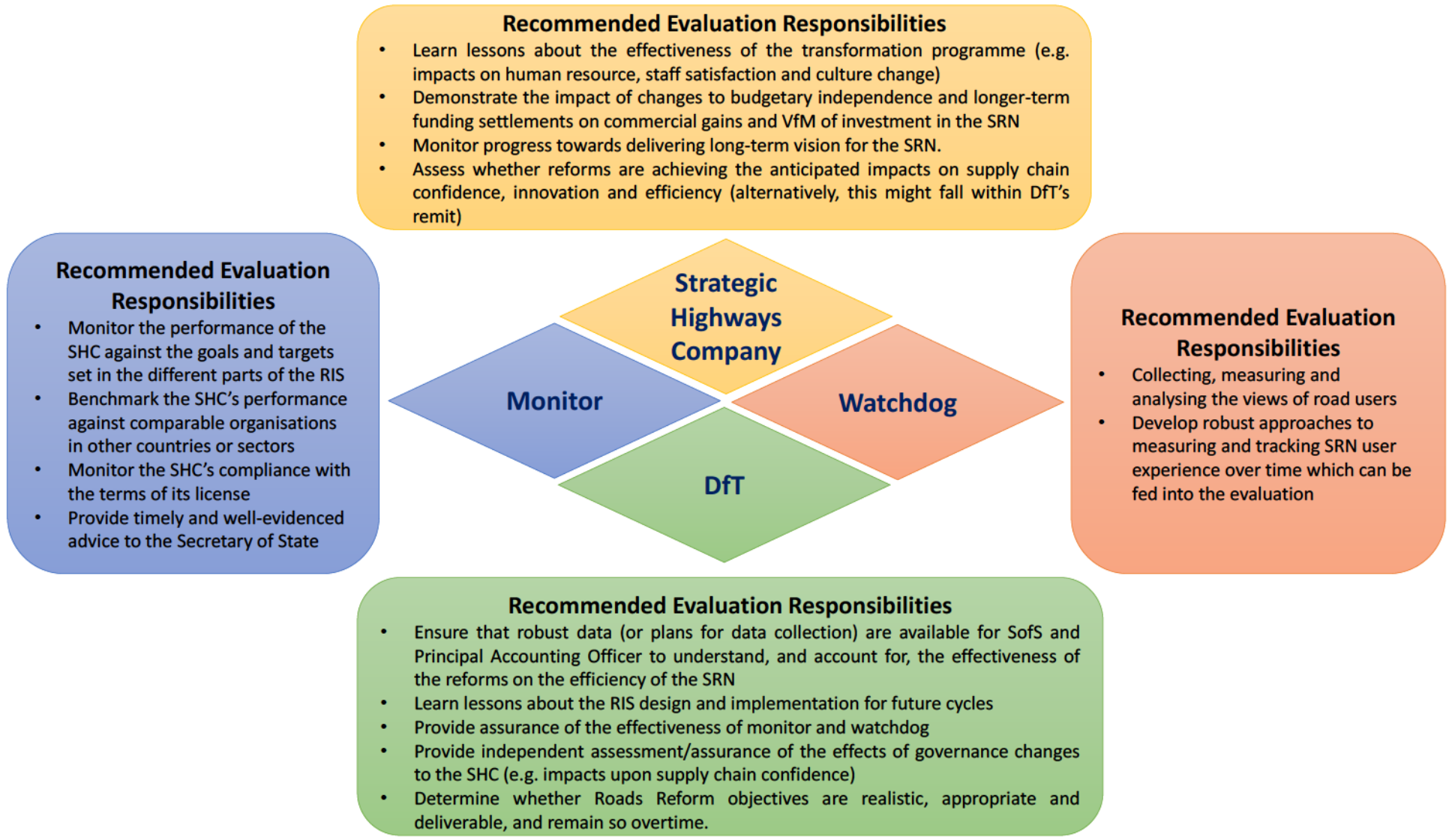
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### Evaluation Framework

- 6.1 The Evaluation Framework presented here has been developed on the basis of the information available to the team at this stage of the Roads Reform programme. There are clearly key areas where the evaluation framework will need to be revisited and refined, as the final approach to major elements of the Reform emerge. The most critical of these are:
- The final form and wording of the legislation, licence and SHC framework agreement
  - Mapping the planned evaluation and assurance approaches (e.g. the Performance Specifications, Monitor and Watchdog memoranda of understanding) to this proposed framework so to assess coverage.
- 6.2 The Framework described here sets out key evaluation areas that should be used to inform the evaluation of the Roads Reform programme. Many elements of this Evaluation Framework are likely to be captured through embedded monitoring and assurance activities (e.g. the performance specifications) whereas other elements are likely to require additional evaluation. Some evaluation questions appear to show potentially key gaps in the evidence base (e.g. assessing the SHC supply chain responses to the Reform programme) where work is required to establish key evaluation metrics that should ideally be tracked over time.
- 6.3 The sections below summarise our recommendations for evaluation responsibilities, based upon earlier sections in this report.

### Key actors – responsibilities and focus on early activities

- 6.4 In this section we summarise the potential roles of the key actors (DfT, SHC, Monitor, and Watchdog) in fulfilling a holistic approach of the evaluation. Figure 8 sets out a very broad summary of the potential responsibilities of the key actors.
- 6.5 The Monitor will be responsible for reviewing the SHC's performance against a number of agreed performance measures, including efficiency related benchmarks or performance indicators. These measures will be detailed in the memoranda of understanding between DfT and ORR and between DfT and the SHC (at the time of writing this report these documents are being finalised). The Watchdog will collate, analyse and report on road user satisfaction with the SRN. Consequently, the actions of these actors will cover key aspects of this framework (particularly relating to Chapter 5) and their outputs/findings should form an important part of an evaluation of the Roads Reform.
- 6.6 Additionally, the SHC will have an important role. We recommend that the SHC's evaluation responsibilities should include an assessment of the effects of the transformation programme; continuing to undertake, and conduct meta-analyses of, POPE; analysis of the effects of the SHC governance changes upon the supply chain; and an assessment of the impacts that budgetary changes have had on delivering value for money of investment in the SRN. However, to minimise any conflicts of interest and build an independent evidence base, some areas of evaluation will likely need to be overseen or assured by other actors (e.g. DfT).
- 6.7 We have identified DfT as having a potentially central role in undertaking the evaluation of Roads Reform. We recommend that DfT should be the 'owner' of this framework and help to ensure that robust data is available that provides a comprehensive analysis of the Roads Reform programme. DfT should also play a central role in process evaluations of the RIS and an assessment of the effectiveness of the Monitor and Watchdog (e.g. evaluating if these actors are resourced sufficiently). A number of evaluation aspects appear to require direct input from the supply chain, but we are not clear on the route by which this would be established, i.e. would DfT use a direct route to gather supply chain views and inputs, or would it all necessarily need to be handled through the SHC?



**Figure 8: A broad overview of recommended evaluation responsibilities so to ensure a holistic approach to evaluating the Roads Reform programme.**

### Evaluation of critical inputs to Reform

- 6.8 Some of the evaluation areas have early assessment and even maturity dates during the period from now until the SHC Go-Live date in March 2015. These are predominantly aspects that simply ask whether the inputs to the theory of change – the basic building blocks of reform – are being established as anticipated and on time.
- 6.9 These events occur before the anticipated point at which formal evaluation activity will be commissioned. They could of course simply be evaluated retrospectively, but that would remove the opportunity to feedback information into the Reform process.
- 6.10 To make best use of the draft evaluation framework, DfT needs to plan to monitor and evaluate these short-term elements as they emerge. The timing of when and whether these inputs are established should be visible in the Roads Reform programme monitoring. However, DfT does need to ensure that it is evaluating whether the entire anticipated scope of each input is met in what is being put forward and whether any deviation has implications for the benefits realisation. For example, has the five-year funding commitment or 10% budget flexibility been defined with caveats that might reduce the anticipated effect in terms of increased supply chain confidence?

### Looking ahead – the evaluation pathway

- 6.11 Looking forward, we suggest a need to act on the recommendations within this report as soon as is practicable. There is an immediate need for the delivery partners to discuss and agree an approach for how the Roads Reform programme will be evaluated, and who should be responsible for overseeing the different aspects of the evaluation. This should be underpinned by a holistic approach and recommendations made within this report so far as possible. We suggest that the following evaluation trajectory is taken forward:

<b>Baseline Mar '15</b>	<ul style="list-style-type: none"> <li>• Early evaluation of inputs and the RIS set up process</li> <li>• Agreement of baselines and collection of baseline data</li> </ul>
<b>Year 1 to Mar '16</b>	<ul style="list-style-type: none"> <li>• Early evaluation of inputs and the RIS set up process</li> <li>• Early indications of the performance of the new SHC governance and contractual freedoms</li> </ul>
<b>Year 2 To Mar '17</b>	<ul style="list-style-type: none"> <li>• Evaluation of some leading indicators on key aspects of each evaluation question to check for evidence of the direction and pace of the anticipated changes</li> </ul>
<b>Year 3 to Mar'18</b>	<ul style="list-style-type: none"> <li>• <b>Major evaluation review as RIS 'mid-point'</b></li> <li>• Expected point at which major effects can be observed, including, supply chain confidence increases, application of the 10% budget flexibility, culture change and talent management, influence of Watchdog and Monitor on SHC / DfT decision making</li> </ul>
<b>Year 4 to Mar '19</b>	<ul style="list-style-type: none"> <li>• Evaluation update on specific issues relevant to the development of the second RIS (assumed to be under development during 2019)</li> </ul>
<b>Year 5 to Mar '20</b>	<ul style="list-style-type: none"> <li>• Final evaluation of the first RIS cycle (which may mean it has to take place just after March '20)</li> </ul>

- 6.12 There are a number of evaluation areas that require the collection of baseline data as soon as is practicable. As discussed in previous sections, the areas where we believe urgent baseline data collection is required include:

- The recording of key dates/deadlines and documents to assess whether aspects of the Roads Reform programme and SHC transformation deviated from that which was originally envisaged;
- Data relating to internal changes within the SHC (e.g. recruitment data, to understand whether culture change occurs);
- The collection of baseline data relating to contracts (e.g. length, value, contract rates, timing of work (skewing to end of year or not));
- An assessment of supply chain views/reactions so to capture any changes in confidence, innovation, recruitment etc.; and
- A light-touch process evaluation of RIS1 to learn lessons to inform future RIS cycles.

6.13 There is a need to balance the evaluation of Roads Reform in terms of delivering 'quick wins' that will enable the SHC, DfT, Monitor and Watchdog to learn lessons quickly and address any early issues with the need to develop a longer-term evidence base that provides a robust assessment of the Reform programme. As such this Evaluation Framework should be viewed as a multi-year framework, which is likely to span across RIS1 and RIS2 (although the majority of monitoring and evaluation effort is likely to be concentrated in the first RIS).