

Highways Agency Specification 2013-14 – Technical Note

| Field | Notes |
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| Short Title | Delivery of Efficiency Savings across Key Business Areas by 2015 |
| Performance Specification Reference | Output 9 – PS 4.21c |
| Requirement / Output Details | Reduction of annual maintenance spending from an average of £900m to £700m by the end of 2014-15. |
| Technical Definition | <p>The Agency was challenged in the spending review 2010 (SR10) to deliver the core services that motorists expect and drive down costs on key programme areas such as maintenance. This included maintaining the strategic road network, over the (four year) SR10 period, with an annual average spend of £700m. This compares to an average annual spend of £900m for the previous four year period 2007/08 to 2010/11. Following SR10 additional capital funding was awarded to maintenance and improvements in Autumn Statements. These and other additional budgets are outside of the scope of the original SR10 measure and so are excluded from any calculations.</p> |
| Rationale | <p>It is a measure of maintaining a safe and serviceable network within the available four year SR10 funding envelope. This programme is achievable due to cost reducing initiatives such as negotiating cost savings into existing contracts, undertaking essential rather than desirable asset renewals and postponement of new network improvements. In addition the development and rolling out of new lower cost maintenance contracts as the current ones expire. This encourages collaborative working with our suppliers to work with the Highways Agency to achieve the savings through a range of measures including certainty and focused forward work programmes, value engineering and efficiencies in the use of materials, labour and equipment.</p> |
| Formula | <p>Total four year cost of maintaining the strategic road network divided by four to derive an annual average.</p> <p><u>Example (illustrative)</u></p> <p>11/12 total maintenance £800m + 12/13 total maintenance £700m + 13/14 total maintenance £700m + 14/15 total maintenance £650m = Total 4 year cost £2,850m / 4 = annual average cost £712m</p> |

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| Start Date | Measure established in SR10 publications (2010) – April 2011. |
| Performance | The annual average should be below £750m to qualify as £0.7bn as outlined in the DfT's "Strategic Road Network Performance Specification 2013-15". |
| Behavioural Impact | This measure has been in place for several years with a view that by 2014/15 contracts will have been negotiated and/or procured that have driven out savings so that the maintenance programme is delivered for less money. This will also focus strong relationships with the supply chain as more efficient ways of delivering the maintenance programme are identified. In addition the Agency is adopting improved asset management techniques and enhancements to the contract and commercial management of its maintenance contracts. |
| Comparability | This is not a recognised standard indicator but it can be used to provide a comparison between other road authorities. Similar maintenance budgets may be available but there is no consistent definition of costs that are included in the budget heading. |
| Collection Frequency | Forecasts collected monthly. |
| Clearance Process | Monthly through the NDD Divisional Directors and then the Board Director, before release of forecast data for inclusion in monthly Board report. |
| Time Lag | One month for forecasts. Although the outcome of this measure cannot be fully reported against until full costs are known. (2014/15). |
| Data Source | HA accounting system (Oracle). |
| Type of Data | Management information. |
| Robustness and Data Limitations | Independent financial audit of HA accounts by National Audit Office annually. Internal validation by Internal Audit of business plan / performance specification indicators. |
| Collecting Organisation | Highways Agency. |
| Return Format | Average £m. |
| Geographical Coverage | England. |

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| How Indicator can be Broken Down | The indicator is a measure at total programme level so no further breakdown is meaningful. |