

## Highways Agency Specification 2013-14 – Technical Note

Field	Notes
<b>Short Title</b>	Delivery of Efficiency Savings across Key Business Areas by 2015
<b>Performance Specification Reference</b>	Output 9 – PS 4.21a
<b>Requirement / Output Details</b>	Deliver 20% savings across the programme of 20 major schemes funded since the spending review 2010 (SR10).
<b>Technical Definition</b>	Across the SR10 and AS2011 (Autumn Statement 2011) major schemes programme, the package of schemes that were due to start works in the SR10 period was estimated to cost over £3bn. A 20% reduction was built in to the funding envelope for the 14 schemes announced in SR10 and this was replicated when a further six schemes were announced in the Chancellor's Autumn Statement in 2011. The 20% savings will be delivered across the life of the programme including a proportion where delivery is beyond the SR10 period.
<b>Rationale</b>	It is a measure of achieving cost savings on a programme of major schemes. This programme is achievable because the Highways Agency will be bearing down hard on its costs and the costs of its supply chain. This encourages collaborative and innovative working with the construction industry to work with the Highways Agency to achieve these savings through a range of measures including product development, certainty of forward work programmes, value engineering, and efficiencies in the use of materials, labour and equipment.
<b>Formula</b>	<p>All calculations using scheme estimates or outturn values exclude historic costs up to and including 2010/11. Savings are only applied forward of this point.</p> <p>20% savings across the programme of 20 major schemes funded since the spending review 2010 =</p> <p style="margin-left: 40px;">a) Initial estimated cost of 20 schemes (announced in SR10 and AS2011)</p> <p style="margin-left: 40px;">minus</p> <p style="margin-left: 40px;">b) actual cost of schemes</p> <p style="margin-left: 40px;">equals</p> <p style="margin-left: 40px;">c) savings achieved against target cost</p> <p style="margin-left: 40px;">divided by</p> <p style="margin-left: 40px;">a) cost of 20 schemes (announced in SR10 and AS2011)</p>

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	<p>multiplied by 100</p> <p>Example (illustrative)</p> <p>Cost of 20 schemes (original target cost) = £3.5bn</p> <p>(Forecast) cost of 20 schemes = £2.8bn</p> <p><u>(£3.5bn - £2.8bn) = £0.7bn</u></p> <p style="text-align: center;">£3.5bn</p> <p>*100</p> <p>= 20%</p>
<b>Start Date</b>	Target established in SR10 publications (2010) – started April 2011.
<b>Performance</b>	The performance should be at least 20% as outlined in the DfT's "Strategic Road Network Performance Specification 2013-15".
<b>Behavioural Impact</b>	This measure has been in place for several years with a view that all 20 schemes will have started works by 2014/15 and achieving cost savings of at least 20%. It has helped forge better relationships with our supply chain and has allowed examples of best practice to be applied to new contracts.
<b>Comparability</b>	This is not a recognised standard indicator that can be used to provide a comparison between other countries or road authorities.
<b>Collection Frequency</b>	Forecasts collected monthly.
<b>Clearance Process</b>	Monthly through the MP Divisional Directors and then the Board Director, before release of forecast data for inclusion in monthly management reporting.
<b>Time Lag</b>	One month for forecasts. Although this measure can not be fully reported against until all the schemes have completed and full costs are known. (2015/16).
<b>Data Source</b>	Major Projects Database and HA accounting system (Oracle).
<b>Type of Data</b>	Management information.
<b>Robustness and Data Limitations</b>	Independent financial audit of HA accounts by National Audit Office annually. Internal validation by Internal Audit of business plan / performance specification indicators.

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<b>Collecting Organisation</b>	Highways Agency.
<b>Return Format</b>	Percentage.
<b>Geographical Coverage</b>	England.
<b>How Indicator can be Broken Down</b>	The indicator is a measure at portfolio level so no further breakdown is meaningful.