



Department  
for Transport

# Highways England's Performance Report to Parliament for 2016/2017

**Moving Britain Ahead**



# Highways England's Performance Report to Parliament for 2016/2017

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	9
Overview	9
Operational Performance	9
3. The Company	12
Corporate Governance Framework	12
Organisational Transformation – Skills and Capability	12
4. The Future	14
Looking forward to the next Road Period	14

# Foreword

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

Highways England has met some significant milestones in moving forward in delivering the Government's £15bn investment programme (2015-2021) for England's strategic roads. Three massive schemes are moving apace. We have seen major construction work start on the A14 Cambridge to Huntingdon scheme. Once the scheme is open journey times in the morning peak hours between Huntingdon and Cambridge will reduce by 13 minutes. Also the preferred route was announced for the Lower Thames Crossing and consultation on the route for the A303 Stonehenge tunnel in Wiltshire has been completed, seeking to protect Britain's heritage while providing modern transport links to the West Country.

In addition to these and more than 100 major road schemes, Highways England continues to deliver a high level of service to its road users. This has been validated by the Office of Rail and Road in their regular reporting and summarised in their annual assessment.

Last year was a period of preparing the bedrock: this year has been a year for consolidation and strengthening foundations, while risks and challenges remain. While there have been some learning points, to which Highways England have responded professionally, I am pleased that Highways England is, overall making good progress against its commitments and meeting its statutory obligations. We will continue to push the very best outcomes so we deliver for road users. I would like to thank the Office of Rail and Road and Transport Focus for their work throughout the year in providing the advice and challenge that has strengthened this success.



**The Rt Hon Chris Grayling MP**

Secretary of State for Transport

# Executive Summary

- 1 This is the second report from the Secretary of State to Parliament on the performance of Highways England, as required by the Infrastructure Act 2015, and it covers the financial year from 01 April 2016 to 31 March 2017. 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 financial year to March 2017 is only Highways England's second year of business and requires the delivery of an unprecedented level of investment. The company continues to build their capability and internal processes based on the plans set out in the Strategic Business Plan and developed during the first year of operation. There have been some challenges but Highways England has responded well, sharing information openly with the ORR and strengthening its assurance processes.
- 3 Overall Highways England performed well in its second year including:
  - Continuing to deliver schemes in line with its plans.
  - Meeting most of the KPIs and putting in place plans to improve those that have been missed.
  - Responding to incidents on their network in a customer focussed and collaborative manner
  - Engaging proactively with local authorities to explore growth opportunities.
- 4 The Board is functioning well, acting to further embed assurance and governance processes in the company. The Board has been supported by the strengthening of the executive and leadership team through a number of key appointments.

# 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 the Highways England's performance for the year from 01 April 2016 to 31 March 2017.
- 1.2 Both the ORR's Annual assessment of Highways England's performance and Highways England's Annual Report and Accounts have been laid before Parliament and published. Highways England has also published an update to their Delivery Plan, focussing on what they will deliver in the financial year 2017/18
- 1.3 This report draws on these documents and other advice to highlight key points of Highways England's performance. This is the second report from a Secretary of State for Transport on how Highways England, has exercised its functions as required by Section 14 of the Act.

## Context

- 1.4 As the Strategic Highways Company, Highways England is charged with delivering the Government's first Road Investment Strategy (RIS) to improve transport for road users and underpin economic growth through a £15bn investment programme (2015-2021).
- 1.5 The Secretary of State issued no directions or guidance in the year additional to those in set out in Highways England's Licence. Highways England's increasingly operational capability gave the department confidence in the Company's ability to deliver quickly, and so an additional £220m of funding for congestion relief was announced in the Autumn Statement in December 2016.

## 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 watchdog, for road users, gathering the views of road users about their priorities for, and performance of, the SRN.
- 1.7 Highways England 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.
- 1.8 Parliamentary scrutiny of Highways England's performance and the Department's oversight of the company has been exercised during this year by the National Audit



Office, in their report "Progress with the Road Investment Strategy"<sup>1</sup>, and the two Transport Committee inquiries into Operation Stack<sup>2</sup> and All Lane Running<sup>3</sup>

- 1.9 The National Audit Office report acknowledged that the reforms put in place in April 2015 have made a significant improvement to the efficient management of the SRN. The Department is considering the findings, working with Highways England to get best value for money for the tax payer.
- 1.10 Andrew Jones MP, the former Parliamentary Under Secretary of State and Highways England's executives gave evidence to the Transport Committee, in April and May 2016 respectively. The Department and Highways England worked closely in preparing evidence and the responses to the Committee's reports.

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<sup>1</sup> <https://www.nao.org.uk/wp-content/uploads/2017/03/Progress-with-the-Road-Investment-Strategy.pdf>

<sup>2</sup> <http://www.parliament.uk/business/committees/committees-a-z/commons-select/transport-committee/inquiries/parliament-2015/operation-stack-15-16/>

<sup>3</sup> <http://www.parliament.uk/business/committees/committees-a-z/commons-select/transport-committee/inquiries/parliament-2015/inquiry/>

## 2. Performance

### Overview

- 2.1 Operational performance is measured by eleven Key Performance Indicators (KPIs) under eight themes. Many of these are supported by a number of Performance Indicators (PIs) that help Highways England to understand the KPIs in more detail.
- 2.2 In 2016/17 Highways England met most of its KPI targets with the exception of customer satisfaction and network pavement condition. Highways England has taken appropriate managerial action to understand and improve those that were missed. Highways England is in the process of putting forward plans to the Department and ORR on asset management PIs that were developed in response to the RIS requirements.
- 2.3 In this section, areas of performance are highlighted by exception as the ORR's Annual Assessment of Highways England's performance contains more detailed analysis and consideration of each KPI.

### Operational Performance

#### Safety

- 2.4 Safety, for both road users and workers, continues to be one of Highways England's key areas of focus. A culture of safety is being driven by the Board and Chief Executive throughout the company and the supply chain
- 2.5 During this year, Highways England have delivered initiatives in line with their Health and Safety 5 year plan<sup>4</sup>, published in early 2017. This has included support of the Department's THINK! 'mobile phones while driving' campaign and other road user safety campaigns.
- 2.6 The latest provisional figures for the Safety KPI (for the twelve months to September 2016) suggest that there may be a statistically significant increase. However, there is evidence that this may reflect changes in the way many police forces now record injuries. Highways England, the ORR and the Department are working together with data providers to understand the issues and to isolate the real safety trends from any effect of the change in methodology.
- 2.7 The ORR's report "Update on Highways England's capital planning and asset management"<sup>5</sup> highlights that Highways England was below its target for the condition of its road surface in 2015/16. ORR has carried out some thorough work in understanding the issues behind this and believe that Highways England has taken appropriate action with respect to any safety impact. The ORR have welcomed

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<sup>4</sup> <https://www.gov.uk/government/publications/highways-england-health-and-safety>

<sup>5</sup> <http://www.orr.gov.uk/highways-monitor/publications/update-on-highways-englands-capital-planning-and-asset-management>

Highways England's open engagement during the development of the plan and will monitor the company against its improvement plan.

- 2.8 Highways England is working towards delivering the commitments made in the Government's response to the Transport Committee on All Lane Running to ensure that England's motorways remain among the safest in the world.

### **Economic Growth**

- 2.9 The pace of investment remains essential with motorway traffic increasing at an average of 1.7% per year over the last six years and similar increases on the major 'A' roads of the SRN. Van traffic has grown to new peaks on all road types<sup>6</sup>, emphasising the vital role that the SRN plays in economic growth.

- 2.10 Highways England has continued to deliver against the Government's ambitious programme of investment. This has included:

- Start of construction of the £1.5 billion A14 Cambridge to Huntingdon scheme two months ahead of schedule;
- Consultation on the A303 route options at Stonehenge;
- Work started on 8 schemes, of which three started on schedule, one ahead of its commitment and four further schemes were brought forward from 2019 -20.
- Seven schemes opened for traffic
- The work to take the Lower Thames Crossing from consultation to preferred route announcement<sup>7</sup>.

- 2.11 During the year, Highways England has carried out a detailed review of their project plans. The aim is to smooth the profile of works to minimise the impacts on motorists and ensure that road users have access to effective diversion routes where necessary.

- 2.12 Highways England have shown that they are committed to supporting the Government's strategy on housing and growth, engaging with the Department and being energetic in reviewing land use and opportunities to unlock nationally significant growth sites. They are increasingly proactive in their engagement with local authorities to increase mutual understanding of how the SRN can be shaped to meet local objectives.

### **The Environment**

- 2.13 Both the RIS and Highways England's Licence recognise that in investing in England's road infrastructure, it is important to limit the impact on the environment. Air quality and sustainability are measured in terms of both KPIs (and PIs) and spend against the ring-fenced investment funds are set out in the RIS.

- 2.14 Highways England has continued to develop plans to wisely invest the Environment Fund and has brought imaginative approaches to the challenging area of Noise Important Areas<sup>8</sup>. While there is still much more work to be done, Highways England has established a responsible and respectful approach to the environment in both its scheme delivery and Fund development.

- 2.15 Air quality also brings challenges for the SRN and, in working with Defra to align its approach with the Government's draft Air Quality Plan, Highways England has

<sup>6</sup> "Traffic on the road network: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/610694/tra4102.ods](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/610694/tra4102.ods)

<sup>7</sup> The route announcement for the Lower Thames Crossing was made on 12th April 2017

<sup>8</sup> [Noise action plans: large urban areas, roads and railways - GOV.UK](#)

continued to develop their understanding and explore innovative solutions through their air quality pilot studies.

- 2.16 Highways England recognises the importance that road users place on litter free roads and has been working on a number of initiatives which include trialling new equipment. It is also working with a number of partners and is part of the Great British Spring Clean initiative with Keep Britain Tidy and working closely with Ministers and DEFRA to develop the National Litter Strategy<sup>9</sup>.

### **Customer Service and Satisfaction**

- 2.17 The average delay experienced by motorists<sup>10</sup> has not increased despite the high levels of investment in the network. With investment increasing each year to 2020, Highways England has continued to explore ways to improve the flow of traffic through roadworks including, at the request of Ministers, pilots of higher speed limits of up to sixty miles per hour.
- 2.18 However, roadworks remain the main source of dissatisfaction for road users and overall customer satisfaction remains just below the 90% target. Highways England is working with Transport Focus to understand and address the issues raised such as by recently launching an online roadworks calendar aimed at allowing road users better access to advance information
- 2.19 Transport Focus have continued to work with Highways England and the Department to develop a more robust satisfaction survey methodology for the future. The new methodology is being thoroughly tested at each step to make sure that the approach, method and questions are robust.
- 2.20 Highways England continues to be a responsible and responsive manager of the SRN by applying their operational expertise to keep the road user moving. This was demonstrated by the good advance planning for Storm Doris in February 2017 with the company minimising the impact on road users. Similarly Highways England responded promptly and effectively to the partial collapse of a footbridge over the M20 in August 2016 after it had been struck by a lorry, ensuring the safety of the road. These events highlight Highways England's continuing and welcome focus on partnership working and stakeholder engagement.

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<sup>9</sup> <https://www.gov.uk/government/publications/litter-strategy-for-england>

<sup>10</sup> "Travel time measures for the Strategic Road Network: April 2016 to March 2017" -

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/614583/travel-time-measures-srn-england-year-ending-march-2017.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/614583/travel-time-measures-srn-england-year-ending-march-2017.pdf)

# 3. The Company

## Corporate Governance Framework

- 3.1 Highways England's governance structures have embedded and are working well.
- 3.2 The Company's Governance structures have now bedded in and are working well. Under the leadership of the Chair, the Board is functioning effectively but is continuing to reflect on and improve its own performance, as expected.
- 3.3 During the year Elizabeth Perelman and Tom Smith stepped down from the Board to take up responsibilities in other organisations. Elizabeth's position as Shareholder Appointed Director was taken over by Roger Lowe. The Company is currently recruiting for Tom's successor. Vanessa Howlison took up the post of Chief Financial Officer in June 2016.

## Organisational Transformation – Skills and Capability

- 3.4 Highways England's focus for transformation this year has been in completing the organisational restructuring begun in 2015/16 and in particular bringing the Operations functions closer together.
- 3.5 The focus of Highways England's transformation this year has been on completing its organisational restructuring, including the creation of a unified operations directorate bringing together all customer facing operational functions under six regional directors. The Company has also begun to make significant changes as a result of the introduction of its new 'Asset Delivery' model, under which Highways England will directly manage routine maintenance and the coordination and planning of capital renewal schemes, insourcing the functions of Highways England's Tier One maintenance contract suppliers, to enhance the Company's asset management capability.
- 3.6 Cultural change is flowing from the new organisational structure and working practices, together with bringing in new people, most importantly the top team. This leadership will now need to drive the required organisational transformation at pace, which is vital in ensuring that the Company is positioned to deliver.
- 3.7 A significant success this year has been the Chief Executive's appointment of his top team which has now been completed; we expect a deepening of capability at the next level down to follow this. Highways England has continued to review its workforce plan to ensure it meets the requirements of the delivery programme, and is focussing on improving recruitment processes and ensuring that focus is given to priority areas for growth in the organisation.
- 3.8 The Company has focused on developing a strategic early talent pipeline for graduates, undergraduates, work experience and apprenticeships, recruiting 53 graduates and 45 apprentices during the year. It has transitioned its apprenticeship

processes to the new levy and standards introduced as part of the wider government initiative and will build on this further in 2017-18.

- 3.9 Safety is Highways England's first imperative, and the CEO has been embedding a culture of safety throughout the Company and the supply chain. The Company also continues to work hard with its supply chain to ensure visibility of its forward programme of work, and make its procurement processes as accessible as possible, encouraging innovation to drive efficiency. Effective management of its supply chain is of vital importance to Highways England to ensure it is ready and able to deliver the Company's ambitious programme of work. We expect that this will remain a priority for the Company throughout the next year and beyond.

# 4. The Future

## Looking forward to the next Road Period

- 4.1 Highways England has worked closely with the Department, sub-national transport bodies and a range of stakeholders to prepare the evidence base for the next RIS (2020-2025). In March, it published its first 'Strategic Economic Growth Plan' and the latest versions of its route strategies. This involved an unprecedented level of stakeholder engagement, involving over 4,000 people and the development of new tools to gather and analyse the responses.
- 4.2 Highways England has completed its second year of both its existence and the first RIS. The challenges, highlighted in this report last year, of maintaining pace and the gearing up for the delivery of schemes under the first RIS through robust plans, still remain. In its review of the programme plans up to 2020, Highways England has shown that it is responding to these challenges.











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