



Department
for Transport

Highway England's Performance Report to Parliament for 2018-19

Moving Britain Ahead

July 2019

Highway England's Performance

Report to Parliament for 2018-19

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

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Foreword

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

Highways England is now four years old as an organisation and is delivering £15.2 billion of investment between 2015 and 2020 for England's strategic road network as part of the first Road Investment Strategy. The Department plans to invest £25.3 billion in the next Road Period, 2020 to 2025.

Most people depend on a good road system in their daily lives. Demand for road transport has grown. There are more cars and lorries on our roads and more people depend on our roads for their livelihoods. This is why we have launched the biggest roads investment programme for decades.

The Government's road reform measures are delivering long term improvements in the strategic road network, through a programme of continuous road investment that reduces journey times, improves reliability on the network, and drives economic growth.

Seven schemes opened to traffic this year, including upgrades to the M1, M5 and M6. Many more are in construction, such as the new A14 Cambridge to Huntingdon scheme, and we are planning major improvements on roads such as the A303 in Southwest England and the A428 in the East.

Highways England continues to meet the majority of its Key Performance Indicators including road condition, network availability and incident clearance, and is putting in place plans to improve those that have been narrowly missed, such as user satisfaction.

The Department is working with Highways England, the Office of Rail and Road, and Transport Focus to develop a set of challenging performance targets for the second Road Investment Strategy period (2020-25), to ensure Highways England continues to deliver for its customers.



Rt Hon Chris Grayling MP
Secretary of State for Transport

Executive summary

- 1 This is the fourth report from the Secretary of State to Parliament on the work of Highways England, pursuant to section 14 of the Infrastructure Act 2015, and covers the financial year from 1 April 2018 to 31 March 2019. It builds on advice from the Office of Rail and Road (ORR) in its role as Highways Monitor, Transport Focus in its role as road user watchdog and Highways England's own performance reporting.
- 2 The year 2018-19 is Highways England's fourth year of operation and saw the delivery of an additional 60 miles of capacity on the Strategic Road Network. This included improvements on the M1, M5 and M6.
- 3 Highways England continues to perform well, meeting four out of five KPI's for which it had an in-year target and delivering most schemes to schedule, with seven schemes opened this year. Highways England has recently agreed with the Department and ORR an amended schedule of works for schemes presenting delivery challenges and is well equipped to achieve this and deliver the current plan for the final year of the first Road Investment Strategy (RIS).

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 1 April 2018 to 31 March 2019.
- 1.2 Both the Office of Rail and Road's Annual Assessment of Highway's England's Performance and Highway England's Annual Report and Accounts 2018-19 have been laid before Parliament and published. Highways England also published an update to their Delivery Plan, focussing on what they will deliver in the financial year 2019-2020.
- 1.3 This report draws on these documents and other advice to highlight key points of Highway England's performance. This is the fourth 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), whilst maintaining the network to a high standard, improving safety for road users and reducing the impact of the network on the environment.
- 1.5 The Secretary of State issued no directions or guidance in the year additional to those set out in Highway England's Licence.

Monitoring, Assurance and Oversight

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

2. Performance

Overview

- 2.1 Operational performance is measured by eleven Key Performance Indicators (KPIs). Many of these are supported by Performance Indicators (PIs) that help Highways England to understand the KPIs in more detail.
- 2.2 In 2018-19, Highways England met its targets for four out of the five KPIs for which it had an in-year target. The targeted KPI that was not met was customer satisfaction (the percentage of road users satisfied, based on five separate indicators of satisfaction measured through a survey of road users). This remained slightly below the target level; partially attributed to poor weather at the start of the year. Highways England is working on a variety of interventions, such as improved signage on smart motorways, to improve performance in this area. Highways England maintained good performance in other KPIs, such as keeping the network in good condition.
- 2.3 ORR's Annual Assessment of Highways England's performance contains more detailed analysis and consideration of each KPI. Consequently, this report focuses on key achievements and challenging areas.

Safety

- 2.4 The safety of road users and its workers remains a key imperative for Highways England and it is on track to reach its target of a 40% reduction in people killed or seriously injured by 2020, compared to the 2005-2009 average baseline. New figures, adjusted for the impact of CRASH (explained in paragraph 2.5 of this report), show that there has been a reduction in the number of killed or seriously injured in 2017, the latest year for which figures are available. Further improvements will need to be made in the remainder of the Road Period to ensure that this target is met and Highways England has a number of initiatives in place to achieve this.
- 2.5 Performance against the safety KPI has been affected by a change in methodology in how police forces record serious injuries, since 2015 over half of police forces in England have adopted the CRASH method of assessing injury severity. This has increased the number of those recorded as seriously injured, as some casualties which were recorded as "slight" under the old system are now recorded as "serious" in the new system. The Department and ORR have worked with the Office of National Statistics (ONS) to analyse the effect of this change, and have produced a methodology to adjust previous figures to take this into account, to ensure that the trend is not artificially skewed by the reporting change.
- 2.6 Over 2018-19, Highways England has continued to deliver a range of interventions to improve safety on its network, including promoting safety on smart motorways through national information campaigns to raise public awareness of Red X signs and emergency refuge areas. In addition, legislation was introduced to allow cameras to automatically detect drivers who disobey 'Red X' signals on smart motorways. Once testing is complete, Red X enforcement by cameras will commence later this

year. Highways England have also run a number of other road safety campaigns, including their most successful multi media campaign yet, 'Don't be a Space Invader'.

- 2.7 Following the bridge collapse in Genoa in August 2018, Highways England undertook a series of bridge inspections. A total of 13,657 inspections were carried out over the 2018-19 financial year, for 12,156 structures. Inspections on 21 bridges need completing, however these had been visually inspected and determined to not represent a safety risk to the public.
- 2.8 Accident rates for Highways England's staff, and for staff in its supply chain, have dropped to the lowest level recorded since Highways England was established.

Operations, Maintenance and Investment

- 2.9 Highways England remains above its targets for the smooth flow of traffic - keeping 98.3% of the network open to traffic - against a target of 97% - and clearing 88% of incidents within an hour, against a target of 85%. This has been achieved despite growth of traffic in the last year.
- 2.10 During 2018-19, of seven schemes that were planned to be opened to traffic, one was completed three months ahead of schedule, a further five were delivered on time and one was delayed and will open in 2019-20. Highways England also opened one further scheme in 2018-19, that had originally been due to open in 2017-18.
- 2.11 Highways England had a commitment to start construction of six schemes in 2018-19. Work started as planned on three of these schemes, one was deferred for further review to understand the impact of major local road improvements on the case for the scheme, and two others were postponed to minimise disruption for road users. In addition, Highways England started construction on one scheme, which during the year was advanced to start in 2018-19. There are more schemes scheduled to start in 2019-20, therefore Highways England will need to continue its focus on scheme delivery, to ensure that the planned road investment is successfully delivered.
- 2.12 Highways England made good progress on major projects currently in the development phase during the year. A public consultation was completed in December 2018 for the Lower Thames Crossing and the A303 Stonehenge tunnel continued to progress through the planning application process. The A14 Cambridge to Huntingdon scheme is nearing completion, and is on course to be delivered to time and to budget.
- 2.13 In terms of maintenance, Highways England maintained its roads to a good standard in 2018-19, with 95.5% of the network requiring no further investigation, ahead of its target of 95%.
- 2.14 Highways England's investment plan includes a set of ring-fenced funds aimed at addressing a range of issues beyond the traditional focus of roads investment. Highways England have invested £362.5 million in Designated Funds during the first four year of the road period. This was less than originally projected due to the need to engage stakeholders and seek bids for funding. The company will need to focus in 2019-20 on ramping up the delivery of projects funded through the Designated Funds. There will be a particular challenge to ensure that air quality funds are fully utilised for maximum impact while striking the right balance between pace of delivery and ensuring that measures are appropriate and supported by residents and stakeholders.
- 2.15 Highways England have also played an active role in the assessment of proposals for the £5.5 billion Housing Infrastructure Fund. By providing advice and expertise to the Department and the Ministry of Housing, Communities and Local Government,

Highways England helps the programme deliver the high-quality housing that the country needs.

The Environment

- 2.16 Highways England continues to measure noise and biodiversity through KPIs, and has delivered on these targets. In 2018-19, Highways England mitigated 300 noise important areas, bringing the total mitigated in the RIS to 951, against a target for the five year RIS period of 1,150. The company also met its RIS commitments to develop plans for 40 sites of specific scientific interest in 2018-19, by completing a further 10 plans over the course of the financial year.
- 2.17 Highways England has investigated locations on its network where exceedances of air quality legal limits have been identified and is developing measures to improve air quality in those locations. This includes supporting local authorities that are producing local air quality plans for their own areas under the National Air Quality Plan. For example, Highways England is working with Leeds City Council's electric van centre of excellence, which seeks to encourage commercial van users to make the switch to electric vans. Other measures include plans to install a number of high barriers in suitable locations, with the aim of improving air quality in the surrounding area.
- 2.18 The Department and Highways England want to see a road network free of litter and recognise the importance that road users place on this. Over the course of 2018-19, Highways England have continued to tackle the issue at key hotspot areas and across the country, recognising that there is more to do to combat this challenge.

The company has made use of social media to increase public awareness of the issue, along with video messages, road signage and engaging with local stakeholders. It has also worked closely with the 'Keep Britain Tidy' campaign and earlier this year took part in the Great British Spring Clean 2019 to encourage road users to prevent littering and highlight the safety risks caused by throwing litter on our roads.

Customer Service and Satisfaction

- 2.19 Throughout 2018-19, Highways England has implemented a number of actions to improve customer service, including enhancing the visibility of emergency areas on all new smart motorways by installing orange surfacing and improved, more frequent signages. Existing smart motorway emergency areas are also being retrofitted to this standard, with 60 been delivered by March 2019 against a target of 160 by March 2020. In addition to this, Highways England have engaged in further trials of 60mph speed limits through major roadworks to address a key concern for motorists.
- 2.20 The monthly figures for user satisfaction improved throughout 2018-19. However, at the end of the year they remained slightly below the 90% target, at 88.4%. Highways England has attributed severe weather in the early part of the year to a difficult start for 2018-19, however they will need to continue to make improvements to ensure that this target is met in the final year of the RIS.

3. The Company

Corporate Governance Framework

- 3.1 Highways England's structures are now well embedded and are continuing to work well. Under the leadership of the Chair, the Board is functioning effectively with a continuing focus on improvement.
- 3.2 During the course of the year a number of new appointments were made to the Board. Kathryn Cearns joined in April 2018 to replace David Hughes, who stepped down in August 2018. Kathryn has succeeded David as Chair of the Audit and Risk Committee. Simon Murray stepped down in March 2019, and was succeeded by Janette Beinart who joined the Board in January 2019. Janette has taken over from Simon as Chair of the Investment Committee. In February 2019, Carolyn Battersby joined the Board as the Shareholder appointed Non-Executive Director. Carolyn replaced Roger Lowe who stepped down from this role and re-joined the Board as a Non-Executive Director, continuing his role as Senior Non-Executive Director.
- 3.3 These appointments have added to the mix of skills and expertise available to the Board. The Board now has a 5:4 gender balance in favour of women. The Chair is keen to improve other aspects of the Board's diversity where possible through future appointments.
- 3.4 Following last year's independent evaluation of the Board's effectiveness, the 2018-19 review was internally led. The results of this review were encouraging, with helpful indicators towards improvements or areas for focus in the coming period identified:
 - Increase focus on customer service
 - Increase activity on stakeholder relations
 - Develop the narrative to articulate RIS1 delivery
 - Arrive at an appropriate RIS2 settlement
 - Consider the wider benefits to society of the Company's work

The implementation of these recommendations will be taken forward by the Chair and Board during the course of the coming year.

Organisational Transformation - Skills and Capability

- 3.5 Highways England has continued its focus on transformation this year, continuing the roll out of the 'Asset Delivery' model of insourcing key maintenance and renewal activities, and building on the Highways England 2020 Organisational Plan. This sets out the changes the Company is making to enable it to deliver its current and future investment programmes. The Chief Executive's top team is now well established, and is maintaining a focus on building and developing capability throughout the workforce.

- 3.6 There remains a particular focus on developing technical competencies in key areas such as project and programme management, IT, asset management and commercial skills, as well as capabilities and awareness in areas such as customer service, and health, safety and wellbeing. Building on the Company's management development programme in 2016 and 2017, Highways England delivered its MDP:Connect programme, designed to help managers to communicate the organisation's strategy, imperatives, values and Business Plan to staff, so that they are able to articulate how their role aligns to the organisation's purpose. This programme is intended to contribute to the ongoing development of the organisational culture, and an increase in employee engagement.

Efficiency

- 3.7 Highways England reports that they are on track to make the target of £1.2bn of efficiencies over RIS1 and is currently reporting efficiencies of £848m to date, with one year of the RIS remaining. This is ahead of the company's internal delivery plan milestone.
- 3.8 The role of ORR is to examine the evidence base produced by Highways England to verify the reported efficiencies. ORR has reviewed evidence provided by Highways England to support its reported efficiency figures and has concluded that the company needs to provide more robust evidence in some areas to support the level of efficiencies reported. Highways England, the ORR and the Department will work together to address these outstanding issues around verification over the coming year.

4. The Future

Looking Forward to the next Road Period

- 4.1 Since 2016, Highways England has been working closely with the Department, ORR and Transport Focus to prepare a robust evidence base for the decision-making process for the second Road Investment Strategy (RIS2), covering 2020 to 2025. This has involved engagement with the sub-national transport bodies and a range of stakeholders, including road users and communities.
- 4.2 The last year has seen the focus move to decision-making using the evidence and research that has been gathered. The Department published the Draft RIS in October 2018, setting out the Government's objectives for RIS2 and its intention to make £25.3 billion available to Highways England to deliver it.
- 4.3 In response to the Draft RIS, Highways England has been developing its draft Strategic Business Plan (SBP), on which the ORR provides advice to the Secretary of State about its level of challenge, deliverability and efficiency. This advice informs further refinement of both the emerging RIS2 and SBP.
- 4.4 This process of iteration is anticipated to result in an affordable, deliverable RIS2 that will meet the Government's objectives. It is expected to be published in late 2019, with both Highways England's Strategic Business Plan and Delivery Plan due to be published early in 2020.
- 4.5 The next road period, beginning on 1 April 2020, will continue the existing focus on: the operation, maintenance and renewal of the SRN to ensure that road users' priorities for a safe, reliable, resilient and customer-focused road network are met; and being a better neighbour to the communities and natural, built and historic environments adjacent to it.
- 4.6 It will also continue the delivery of committed RIS schemes and the good running of the company. Highways England has developed the 2020 Organisational Plan which describes the skills and capabilities they will need to deliver RIS2.

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