



Ipsos MORI  
Social Research Institute



May 2018

# Evaluation of Roads Reform: the changes made to the management and operation of England's Strategic Road Network since 2014

## Wave 1 report

Ipsos MORI and Risk Solutions



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## Disclaimer

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# Executive Summary

**This is the first report of an evaluation of 'Roads Reform'**, the 2014/15 reforms to the management of motorways and major roads in England. The report presents evidence about the early workings of the reforms up to the period in which the research was conducted (between March and September 2017). The findings are based on interviews with stakeholders for the reforms, a survey of firms in the supply chain for delivery of road schemes, and a review of documentary evidence.

**Roads Reform** refers to a series of changes made to the management and operation of England's Strategic Road Network (SRN) in 2014 which became law as part of the Infrastructure Act on 12 February 2015. The reforms aimed to create an SRN that gives road users the best quality of service and supports economic growth. The reform programme addresses the problem detailed in a command paper "Action for Roads: A network for the 21<sup>st</sup> century", which built on the main findings of the Cook Review: that the UK was falling behind comparator countries on efficiency for taxpayers and outcomes for road users. Among the main changes were:

- the adoption of a longer-term strategic planning approach via periodic "Road Investment Strategies" (RIS);
- the transformation of the executive agency that used to be responsible for operating, maintaining and improving England's motorways and major A roads (Highways Agency) into a government-owned company (now called Highways England); and
- the creation of a formal Highways Monitor and Watchdog role (played by the Office of Rail and Road, and Transport Focus, respectively).

## Evaluation objectives and stages

In May 2016, the Department for Transport commissioned Ipsos MORI and Risk Solutions to undertake an evaluation of the Roads Reform programme. The evaluation is designed to run in annual waves until 2021. The key aims of the evaluation are to provide learning as to how the reforms are working and to improve understanding of their effects, in order to inform future RIS and other policy decisions relating to the SRN. The focus of the evaluation is on **four key evaluation objectives**:

1. The Road Investment Strategy – whether the RIS has led to investment in the SRN that delivers better value for money compared to the previous, annualised budget investment structure.
2. Highways England governance and organisational development – whether the reformed process and governance structures have enabled Highways England to operate in a more flexible and effective manner.
3. The effectiveness of Highways Monitor and Watchdog – the effectiveness of these two organisations, their assurance processes and monitoring activities.
4. The long-term impacts of Roads Reform, including the efficiency and value for money improvements delivered, benefits to SRN users, and the supply chain responses to the reforms.

### Wave one of the evaluation

This first report summarises findings from wave one of the evaluation, which was **undertaken between March and September 2017**. Since the research was carried out too early in the life of the reforms to be capable of fully addressing the evaluation objectives, it focuses instead on providing evidence about **progress made to date in five key process areas** that are expected to be affected by the reforms, namely: (1) Research and insight; (2)

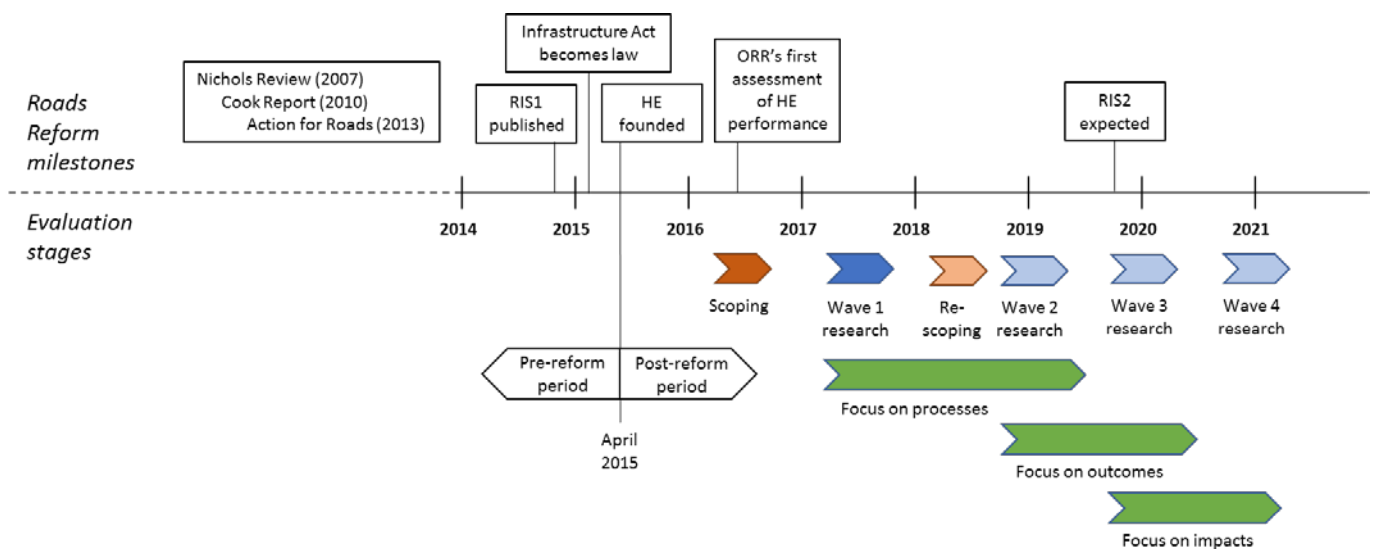
Prioritisation and strategy planning; (3) Options selection and development; (4) Tendering, contracting and delivery; and (5) Monitoring and oversight.

The findings are drawn from:

- 29 interviews with internal as well as external stakeholders (internal stakeholders are representatives of the DfT, Highways England, ORR and Transport Focus; external stakeholders are organisations representing users, stakeholders and other relevant bodies affected by the reforms);
- a survey of 120 companies in Highways England’s supply chain; and
- a review of existing documentary evidence, including both published and internal documents, data and reports by Highways England, the Office of Rail and Road, Transport Focus, and the National Audit Office, among others.

In the coming years, the focus of the research to be undertaken will gradually shift from assessing relevant processes and early results towards assessing the impacts of Roads Reform. Following a re-scoping exercise to ensure lessons from the first wave are learned, and the evaluation framework updated accordingly, we will conduct three more waves of research (as shown in the diagram below). Please note that, as the diagram depicts, Roads Reform was implemented over a time period defined by a number of milestones. Therefore, what we consider the pre and post-reform periods for the purpose of the evaluation is hard to define, in particular as RIS1 (which marks an important change linked to the reforms) was published around half a year before the incorporation of Highways England “completed” the reforms. We have chosen the later date (April 2015) as the “formal” cut-off point for the post-reform period, but nonetheless consider the effects of RIS1 to be in scope of the evaluation. The second wave of the evaluation in 2018/19 will update the evidence about the workings of the processes through further stakeholder interviews, a second supply chain survey and further desk-based research, as well as case studies on specific schemes. It will also begin to explore key outcomes of the reforms with reference to the first three evaluation objectives. Towards the end of the multi-annual evaluation, the main focus will shift towards analysis of the longer-term impacts of the reforms.

**Summary of Roads Reform evaluation stages**



**Key findings**

The research conducted during wave one of the evaluation has confirmed that the key aspects of the reforms have been implemented broadly as anticipated: the second RIS is currently being developed; Highways England has undergone and instigated significant changes as it adapts to its new role and remit; a Monitor (Office of Rail and Road) and Watchdog (Transport Focus) have been set up, and have begun to exercise their new responsibilities. The research has also identified a number of **positive developments** that confirm the *potential* for the various measures introduced as part of Roads Reform to contribute to a better managed, more efficient SRN that provides better outcomes for road users. Although it is too early to attempt to measure these effects, the evaluation has identified **considerable progress** in a number of key process areas (including strategic planning, research and insight, and monitoring), facilitated by broadly effective relationships between core stakeholders, that should, over time, help to generate the desired results and impacts. On the other hand, and unsurprisingly given the scope of the reform and the level of ambition (in terms of how it is expected to affect almost all aspects of the management and operation of the SRN), the system has not yet reached a new 'steady state', as processes and relationships continue to evolve. Based on the information reviewed and collected to date, it appears that certain areas of Highways England's day-to-day operations (in particular options selection and development, as well as procurement) have experienced only **limited change** compared to the pre-reform period. It is too early to draw conclusions from this observation because we would not expect all process areas to be addressed simultaneously, and further progress may have been made since the research was conducted. We will continue to investigate these processes in subsequent waves of the evaluation.

Below we provide a **high-level summary of messages** from the research in wave one of the evaluation. As noted above, these messages relate primarily to the extent to which the evaluation was able to observe changes in the relevant processes, and early indications of their (potential) effects. For the sake of consistency, in terms of the presentation of findings over the duration of the five-year evaluation, the structure reflects the four core evaluation objectives.

#### The Road Investment Strategy

*Is the RIS leading to investment in the Strategic Road Network that delivers better value for money compared to the previous investment structure?*

**The move to longer-term strategic planning in the form of five-year RIS periods is universally welcomed as a positive development, with strong potential to contribute to better value for money over time.**

The National Audit Office (NAO) found that RIS1 (2015-2020) "represents a significant improvement in the efficient management of the strategic road network", and provides Highways England with the "opportunity to work more effectively and efficiently". Our evaluation confirms that the amount of planning and evidence collected within preparation for RIS1 was greater than ever before. However, the NAO also noted that the speed with which RIS1 was developed "created risks to value for money and deliverability", and that it was not made sufficiently clear that the schemes could be subject to change or cancellation.

Stakeholders interviewed for the evaluation broadly agreed with these findings. It was widely acknowledged that RIS1 had to be developed under significant time pressures, which meant that it was not based on as detailed an analysis of schemes and consideration of user needs as would have been desirable. Some stakeholders also noted that the amount of detail provided on the individual schemes was insufficient to instil confidence in their deliverability within the timeframe of RIS1. Nonetheless, the process was found to be broadly effective given the circumstances and constraints it faced, and involved a sufficient amount of consultation of relevant internal as well as external stakeholders.

A widely-held view is that RIS1 did not involve a process of prioritisation (or rather, de-prioritisation) of schemes to a sufficient extent. This is partly due to the concomitant substantial increase in the available funding, which meant the vast majority of schemes in the pipeline at the time were affordable, reducing the need to prioritise.

While our survey of Highways England's supply chain indicated that there is an improvement in perception of certainty of funding with specific effects on investment in innovation within the supply chain, deliverability is proving to be an issue, and some schemes have been re-scheduled / re-phased or seen their scope reduced. Several internal as well as external stakeholders who were interviewed highlighted that, in their view, RIS1 focused too much on major new schemes, at the expense of maintenance and renewals. It should be noted that ORR monitors this risk through the Performance Specification (through its KPIs); future evaluation reports will track the trends of this performance aspect.

There are strong indications that relevant lessons have been learned (inter alia in response to DfT's internal review in 2015) and are now being applied in the development of RIS2 (2020-2025). The process was started almost as soon as RIS1 was launched, and is being undertaken in three stages (years one-three: preparation of RIS content to enter the statutory process; year four: clearance of the defined statutory process; year five: mobilisation). The process entails wide stakeholder engagement and is being underpinned by a significant amount of analyses, made possible inter alia by the strengthened analytical capacity within Highways England. As a result, stakeholders were confident the process would be more effective, but this cannot be fully assessed at the current stage, as the first key outputs are still being developed.

#### Highways England Governance and Organisational Development

*Have the reformed processes and governance structures enabled Highways England to operate in a more flexible and effective manner? This includes Highways England's relationship with the DfT.*

**There are early signs that Highways England is using its new position to operate more effectively, in particular in terms of generating more research, insight and analysis to feed into relevant decision-making processes about the SRN. However, in other areas, the amount of change observable during wave one of the evaluation was limited.**

By and large, the handover of responsibilities from the DfT to Highways England from 2015 is seen as a necessary and valuable first step. Since then, Highways England has significantly strengthened its internal capabilities, inter alia in the areas of **analysis and customer insight** (which were flagged as a concern, first by DfT and then the NAO), which means it is now able to contribute more effectively to decision-making processes by carrying out Value-for-Money (VfM) and other types of analysis in-house. In its [latest annual assessment](#), ORR also identified **improvements** to the way in which Highways England plans major improvements (including better engagement with the formal change control process), while also pointing out room for improvement in a number of areas, including Highways England's ability to deliver a stable renewals programme.

According to the NAO (which in turn based its findings on the assessment by ORR), Highways England met its **efficiency** savings target in 2015-16, but meeting its overall target of £1.2 billion over five years may still prove challenging, as the bulk of savings will have to be achieved in the final two years. Change towards a more commercial culture is a slow process that often requires years of implementation, training and hiring of new staff. There was evidence available on building capacity through hiring professionals with expertise that is new to Highways England, including the growth of Highways England's internal monitoring function (partly in response to requests and in collaboration with ORR – see below). However, feedback from interviewees suggests that awareness among relevant parts of Highways England of how to monitor efficiency is varied. This could be partly due to the

guidance, in particular the Operational Metrics Manual, not being sufficiently accessible (though it should be noted that, at the time the research was conducted, there were plans to update these guidance materials).

Regarding the processes for **selecting and developing options** for delivering the schemes identified in the strategic prioritisation stages, the research conducted in spring-summer 2017 suggested relatively little had changed. The Highways Agency was already responsible for these processes (which include standard statutory procedures) in the pre-reform period. Its responsibilities and the way in which it fulfils these have not been altered significantly, although, as noted above, Highways England is now better equipped to feed into the upstream strategic decision-making / scheme prioritisation process, which may in the longer-term also enable it to more effectively scrutinise delivery options. However, there were early indications that the RIS2 options identification and selection process would be fundamentally different. This will be explored in more detail in the next wave of research.

When it comes to **tendering, contracting and delivery**, our survey indicates that the majority of suppliers hold positive views of Highways England's procurement practices, including the extent to which it encourages innovation, and its commercial awareness. However, it also appears that in wave one of the evaluation, although Highways England intends to consider ways in which procurement can be made more effective, relatively little has changed in this area compared to the pre-reform period. This was evident from conversations with internal stakeholders close to these processes, as well as in monitoring information provided by Highways England for the purposes of the evaluation, which show no significant change in variables such as contract size, length, or timing of placement in recent years (except for the launch of extremely large framework contracts in the last quarter of 2014). The next wave of the evaluation will revisit this topic and assess recent activity, including Highways England's planned major procurement changes through a new Routes to Market framework. Overall, the **relationship between Highways England and DfT** is still evolving and maturing to some extent. Although stakeholders in both organisations reported good working relationships, some added that the respective roles could be clarified further, and that Highways England has to further demonstrate it is ready to assume its responsibilities fully, while DfT has to learn to trust Highways England to do so and 'let go'.

The Effectiveness of the Monitor and Watchdog

*How effective are the Watchdog and Monitor's structures, assurance processes and monitoring activities? This includes assessment of the relationships between the Highways Monitor, Watchdog, Highways England and the DfT.*

**Both the Office of Rail and Road (the Highways Monitor) and Transport Focus (the Watchdog) have taken on the roles envisaged for them and are beginning to make contributions to a more accountable, customer-focused management of the SRN. The working relationships between both organisations, Highways England and the DfT are mostly constructive, certain tensions around exact roles, remits and processes notwithstanding.**

While the evaluation did not entail a detailed organisational review of ORR or Transport Focus, their structures and activities, the stakeholder interviews and documents reviewed did provide useful evidence regarding their roles and processes, and how these have evolved.

**The Office of Rail and Road** now engages in a range of activities related to highways;<sup>1</sup> most importantly, it publishes annual (and sometimes also six-monthly) assessments of Highways England's performance, based largely on monitoring data it receives from Highways England itself. It also has powers to enforce Highways England's compliance with the RIS and/or its licence, but these have not been used to date. The relationship between ORR

<sup>1</sup> See ORR: Annual report and accounts 2016-17, Strategic Objective 4: Better highways



and Highways England was described as mostly positive (with an effective two-way communication process, and mostly the 'right' amount of tension between the monitor and the monitored), although there were reportedly some tensions relating to monitoring practices at lower seniority levels. Collaboration has improved, along with ORR's understanding of the implications of monitoring roads, and Highways England's enhanced capacity to generate and provide data. It was widely acknowledged that there had been (and to some extent, still is) a learning curve. Since roads were an entirely new area for ORR, it needed to understand which practices were transferable from their continued work in the rail sector. Nonetheless, all consulted stakeholders coincided that ORR has been broadly effective in its monitoring role, and its capacity to analyse and benchmark Highways England's performance appear to have evolved as originally planned. Even so, there remains a need to further clarify the respective roles (in particular regarding potential duplications of partner organisations' functions in monitoring, oversight and assurance). The effectiveness of relationships working within the reformed system will form a focus area for future waves of the research.

**Transport Focus (the Watchdog)** has contributed directly to major improvements in the availability of research and customer insight in the post-reform period. It has taken over responsibility for the main customer survey (the National Road Users' Satisfaction Survey - NRUSS) from Highways England, and has developed a new survey for launch in 2018 (the Strategic Roads User Survey – SRUS) to collect feedback from a much larger sample, which should result in more reliable, better segmented data on customer needs and satisfaction levels.

There is some anecdotal evidence of specific instances where insights generated by Transport Focus have been used by and have affected decisions made by Highways England. While ORR recognised changes made by Highways England in response to specific research outputs, we have not been able to systematically and accurately assess the effectiveness with which newly generated research and insight is being used by the various relevant parties, primarily because of a lack of observable communication / internal monitoring information relating to how it has been used.

It also needs to be noted that, in parallel with Transport Focus taking on greater responsibilities for customer insight provision, Highways England has ramped up its internal capacities in this area, and undertakes and commissions a range of research including, since 2016, its own customer insight survey. While this has the potential to further enhance the effectiveness of relevant planning and delivery processes, there is a need to coordinate and avoid duplication of efforts.

The Long-term impacts of Roads Reform

*Early evidence on the long-term impacts of Roads Reform*

**While it is encouraging that, overall, the expected processes and relationships seem to be evolving favourably, and outputs are beginning to emerge, it is too early to assess longer-term impacts of Roads Reform.**

One of the main changes within Highways England's newly adopted processes relate to monitoring efficiencies made within delivery of Major Schemes on the SRN. However, it is too early to draw conclusions on the long-term efficiency of the reformed system.

ORR reports that so far, Highways England has narrowly missed its targets on road user satisfaction and network condition. At the same time, it acknowledges that Highways England has "demonstrated commitment" to improve user satisfaction, and is now also taking "appropriate action" to improve network condition. The focus of the evaluation in future years will gradually shift towards investigating results such as these, and ascertaining the extent

to which Roads Reform was responsible for bringing these about. In doing so, the evaluation will also have to take into account any external factors that may have affected performance either positively or negatively. Such factors may include technological change (such as increased use of mapping / traffic / navigation apps), competing demand on resources for other infrastructure projects (such as HS2), environmental factors (such as air quality targets), but also broader political events which could impact on private sector investment decisions (such as Brexit).

## Areas of focus for in the next wave of research

As stated at the outset of this section, the evaluation runs from 2016 until 2021. Over this period, its focus is to gradually shift from observing changes to processes and relationships between the actors, to measuring the ultimate intended effects of Roads Reform.

Pending the results of the re-scoping exercise (see above), the first wave of the research has identified several areas that seem worth exploring in greater detail during wave two, in particular:

- **RIS2:** The process of developing the second Road Investment Strategy (RIS2) is now well underway, and the evaluation should focus on assessing this process (e.g. the analysis supporting scheme selection for RIS2), including the extent to which improvements have been made relative to RIS1 (e.g. as regards the identification and selection of options), and whether the balance between funding certainty and flexibility appears conducive to achieving the intended results. This area of focus will enable lessons to be learned for the development of RIS3.
- **Tendering, contracting and delivery:** Wave one of the evaluation found only limited evidence of significant changes in these processes, which constitute one of the key areas to realising some of the intended benefits of the reform. Wave two should place a greater emphasis on exploring this area, in particular as regards any evidence of a shift towards a more commercial culture in Highways England.
- **Relationships and the functioning of the reformed “system”:** Ultimately, whether or not the system functions as intended is primarily dependent on the roles played by and the relationships between the key organisations. This will continue to be a key focus for the evaluation; in wave two, we will seek to explore in more depth the extent to which the way the relationships have evolved is in line with the original expectations (including how the monitoring and oversight roles are being played in practice, how relevant research and insights are fed in and used to inform decision-making, etc.). As part of this, the evaluation will also explore any duplication of roles or potential for streamlining.

# 1 Introduction

## 1.1 About the study

This is the first report of an evaluation of 'Roads Reform', the 2014/15 reforms to the management of the Strategic Road Network (SRN) in England, which led to a transformation of the way motorways and major roads were funded and managed, including the creation of Highways England as a government-owned strategic highways company. The report presents evidence about the early workings of the reforms up to the period in which the research was conducted (between March and September 2017). The findings are based on in-depth interviews with stakeholders for the reforms, a survey of firms in the Highways England supply chain for delivery of road schemes, and a review of documentary evidence.

### 1.1.1 About Roads Reform

**Roads Reform** refers to a series of changes made to the management and operation of England's Strategic Road Network (SRN) in 2014, which became law as part of the Infrastructure Act on 12 February 2015. The reforms aimed to create an SRN that gives road users the best quality of service and supports economic growth. The reform programme addresses the problem detailed in a command paper "Action for Roads: A network for the 21<sup>st</sup> century", which built on the main findings of the Cook Review: that the UK was falling behind comparator countries on efficiency for taxpayers and outcomes for road users. Among the main changes were:

- the adoption of a longer-term strategic planning approach via periodic "Road Investment Strategies" (RIS);
- the transformation of the executive agency that used to be responsible for operating, maintaining and improving England's motorways and major A roads (Highways Agency) into a government-owned company (now called Highways England); and
- the creation of a formal Highways Monitor and Watchdog role (played by the Office of Rail and Road, and Transport Focus, respectively).

### 1.1.2 Evaluation aims and key evaluation questions

The Department for Transport commissioned Ipsos MORI and Risk Solutions in May 2016 to undertake an impact and process evaluation of the Roads Reform programme. The key aims of the evaluation are to provide learning as to how the reforms made as part of the Roads Reform programme are working, and to improve understanding of their effects, in order to inform future RIS and other policy decisions relating to the SRN. The focus of the evaluation is on:

- 1. The road investment strategy** – whether the RIS has led to investment in the SRN that delivers better value for money compared to the previous, annualised budget investment structure.
- 2. Highways England (HE) governance and organisational development** – whether the reformed process and governance structures have enabled Highways England to operate in a more flexible and effective manner.
- 3. The effectiveness of the Monitor and Watchdog** – the effectiveness of these two structures, their assurance processes and monitoring activities.
- 4. The long-term impacts** of Roads Reform, including the efficiency and value for money improvements delivered, benefits to SRN users, and the supply chain responses to the reforms.

The original tender specification contained a list of over 110 individual questions which the evaluators structured and synthesised into 13 key questions (between two and four under each of the four objectives listed above). Table 1.1 overleaf outlines how these key evaluation questions link to the levels of the underlying Theory of Change<sup>2</sup> for the intervention (ToC – see section 2.3 below), and identifies the main data sources for answering them. It should be noted that these questions will be addressed to varying extents at different stages of the evaluation (see the ensuing section). The first stage has focused primarily on exploring the questions related to outputs and intermediate outcomes (as defined in the Theory of Change and referenced in the column “ToC level” in the Table below).

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<sup>2</sup> The Theory of Change is a single narrative explaining how the various inputs, activities and outputs of the reform are anticipated to deliver a series of outcomes and impacts. This provides an analytical framework for the evaluation.



**Table 1.1: Key evaluation questions**

	Key Evaluation Question	ToC level*	Key data source
Road Investment Strategy	Are all elements of the first RIS perceived as fit for purpose by key stakeholders? Are there any aspects that could be improved?	Output	Stakeholder interviews – Internal and External and document review
Road Investment Strategy	Has the flexibility to move ten percent of the annual budget between years resulted in better project phasing and delivery?	Output / Intermediate outcome	Stakeholder interviews – Internal and document review
Road Investment Strategy	Has the provision of longer-term and stable funding allowed longer contracts to be agreed and better value for money to be achieved from the supply chain?	Intermediate outcome / Outcome	Supply Chain Survey, Analysis of MI and Stakeholder interviews – Internal and External
Road Investment Strategy	Has RIS influenced supply chain decisions (Investing more in training and skilled staff, innovation, planning horizons) and confidence?	Intermediate outcome / Outcome	Supply Chain Survey and Stakeholder Interviews – External
Highways England Governance and Organisational Development	Has Highways England's greater pay and HR flexibility resulted in increases in staff quality and staff retention?	Outcome	Document review, Analysis of MI, and Stakeholder Interviews – Internal
Highways England Governance and Organisational Development	Have any culture changes at Highways England altered Highways England's interaction with the supply chain?	Outcome	Supply Chain Survey and Stakeholder Interviews – Internal
Highways England Governance and Organisational Development	Are the assurance and governance arrangements for Highways England perceived as fit-for-purpose?	Output	Stakeholder Interviews – Internal and Document review
Highways England Governance and Organisational Development	Do the DfT client and shareholder functions have clear and well-understood remits?	Output	Stakeholder Interviews – Internal and Document review
The Effectiveness of the Highways Monitor and Watchdog	Are the structure, powers and resourcing afforded to the Watchdog and Highways Monitor perceived as fit for purpose?	Output	Stakeholder Interviews – Internal and Document review
The Effectiveness of the Highways	Are working relationships between the organisations functioning well?	Intermediate outcome	Stakeholder Interviews – Internal

Monitor and Watchdog			
The Effectiveness of the Highways Monitor and Watchdog	Is the analysis and advice provided by the Highways Monitor effective and timely (benchmarking, efficiency analysis, other data analysis)	Output / Intermediate outcome	Stakeholder Interviews – Internal, Analysis of MI and Document review
The Long-term Impacts of Roads Reform	What level of efficiency and value for money improvements have been delivered by Roads Reform programme?	Impact	Stakeholder Interviews – Internal, Analysis of MI and Document review
The Long-term Impacts of Roads Reform	Has the satisfaction of Strategic Road Network users increased?	Impact	Analysis of MI and Document review

\* This column refers to the relevant levels in the theory of change (ToC) – see section 2.3 and the annex.

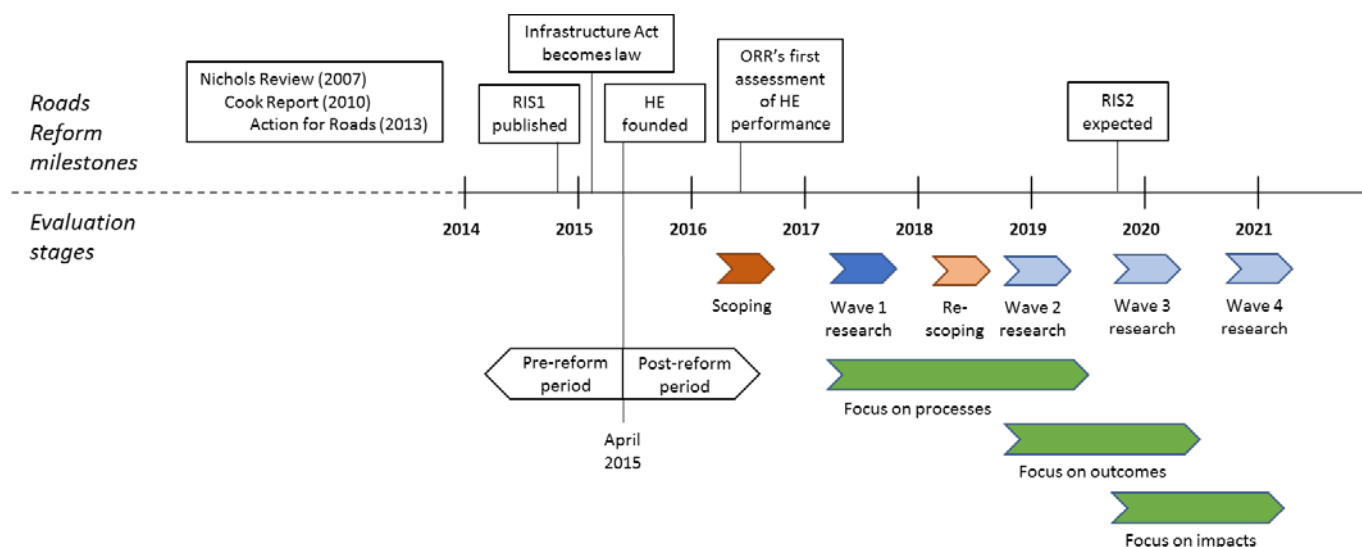
### 1.1.3 Evaluation stages

The evaluation has been conceived as a five-year study, consisting of four waves of data collection, analysis and reporting, so as to generate useful evidence at different points in time. As part of our scoping work (see below), we explored the timeframes within which the various expected effects of the reforms would be likely to materialise, which confirmed that many of the longer-term outcomes and impacts would not be measurable until several years after the reforms were initiated. Therefore, the focus of the evaluation will gradually shift over the course of its duration. During the first years, when the reformed system and the actors (and their relationships within it) are still evolving, it is too soon to measure the ultimate intended effects. The evaluation therefore at this stage focuses on the formative aspect of the evaluation (i.e. learning lessons from the reformed processes) and early assessment of the extent to which early outcomes have been realised, providing a summative insight on whether the reforms appear to be heading in the right direction. After the first wave of research, a re-scoping exercise is planned to ensure lessons from the first wave are learned, and the evaluation framework updated to respond to these lessons as well as any changes in the evaluation context or priorities.<sup>3</sup> Towards the end of the five-year evaluation, the main focus will shift towards the analysis of the impacts of the reforms. A high-level summary of the phasing of the evaluation is shown in the diagram below.<sup>4</sup>

<sup>3</sup> This represents a small change from the phasing as originally foreseen. The re-scoping was added because both the evaluators and the Project Board felt it would be beneficial to take stock, reflect on the main challenges faced during the early research, and seek to maximise the relevance of the approach going forward and secure buy-in from all parties.

<sup>4</sup> Please note: the exact point in time the reforms “took place”, and hence what we consider the pre and post-reform periods for the purpose of the evaluation, is hard to define, in particular as RIS1 (which marks an important change linked to the reforms) was published around half a year before the incorporation of Highways England “completed” the reforms. We have chosen the later date (April 2015) as the “formal” cut-off point, but nonetheless consider the effects of RIS1 as part of the evaluation of Roads Reform.

Figure 1.1: Summary of Roads Reform evaluation stages



## 1.2 Method

### 1.2.1 Evaluation Scoping

During the scoping phase of the study (May 2016 to August 2016) the study team designed a comprehensive evaluation framework delivering a theory-based approach to evaluation of the Roads Reform programme. The evaluation framework drew on the following activities:

- Familiarisation sessions:** Initially the study team conducted 13 familiarisation sessions with stakeholders who were involved in the design and delivery of the Roads Reform programme, to gain understanding of the processes involved during this period. This exercise covered the key policy context and rationale for the reform, aims and objectives, the theory of change underpinning the reform, and understanding of the delivery model. The interviews also covered questions on the evaluation itself to ensure that there would not be any duplication of efforts.
- Document Review and logic model refinement:** The study team further refined its understanding of the underlying logic of Roads Reform, market and other failures motivating the intervention, and the potential economic and social benefits anticipated, through a review of internal documents. These documents included policy and delivery descriptions, legal documents relating to the reform and internal monitoring documentation produced by the organisations involved.
- Discussions with data holders:** The study team has had contact with all four partner organisations directly involved in Roads Reform (Transport Focus – referred to throughout the report as TF or the Watchdog, the Office of Rail and Road – referred to throughout the report as ORR or the Highways Monitor, the Department for Transport - referred to throughout the report as the DfT, and Highways England), which are the main producers of the monitoring information which will be of relevance to support the evaluation. Data from these organisations will be of critical importance to enable successful delivery of the evaluation.

The evaluation framework outlined a detailed understanding of the rationale and Theory of Change for the intervention (Outcome and Impact Evaluation Framework) alongside the processes involved in management and delivery of the SRN (Process Evaluation Framework) which provided an analytical framework for the study. The

evaluation framework document also provided a detailed description of the methods, delivery plan, and an indicative reporting timeline.

### 1.2.2 Outcome and Impact Evaluation Framework

The Outcome and Impact Evaluation Framework developed within the scoping phase is aimed at assessing the extent to which RIS has led to investment in the SRN that delivers better value for money compared to the previous investment structure, whilst also considering the long-term impacts of Roads Reform. Building on the Theory of Change (described in section 2.3 below), the recommended approach was the use of contribution analysis to establish the impact of the Roads Reform programme. This was concluded to represent the best way to handle the complexity of the reforms, their long timeframe, and the very limited counterfactuals available to understand what might have happened in the absence of the reforms. Our early assessment of progress against the Outcome and Impact Evaluation Framework in wave one of the multi-annual evaluation is presented in section 4.6.

### 1.2.3 Process Evaluation Framework

In addition to assessing the results (outputs, outcomes and impacts) of the Roads Reform programme summarised above, the evaluation is also to evaluate the effectiveness of the main processes for managing and supporting the development and delivery of the SRN, and thereby help learn from RIS1 and to assess the extent to which the new governance and organisational developments have been implemented effectively. To this end, during the inception phase we developed a process evaluation framework consisting of five key process areas that are expected to be affected by Roads Reform. Review of these processes will generate valuable formative evidence for enabling lessons to be learnt and informing changes to the delivery processes to ensure the overall reform remain on track to deliver on its intended outcomes. The five process areas identified in the evaluation framework are:

- **Research and insight:** This area refers to processes relating to gathering and use of research and insight supporting decision-making about the SRN, in order to ensure that the needs of road users are at the centre of all activities undertaken by Highways England. Transport Focus (the Watchdog) has a key role to play in this (in terms of research into user perspectives), but it also requires Highways England to develop customer insight as well as undertake research about future requirements for the SRN (visioning and foresight).
- **Prioritisation and strategy planning:** This refers to the process of establishing a long-term strategy for development and management of the SRN.
- **Options selection and development:** A process of assessing various options identified in the strategic prioritisation stages, to ensure that the best option is taken forward for each scheme based on factors including value for money, safety, environmental considerations and consideration of vulnerable users.
- **Tendering, contracting and delivery:** This area refers to the processes that are used to select and commission suppliers who will deliver contracts on the SRN, in relation to new projects as well as maintenance and renewals.
- **Monitoring and oversight:** A set of processes involved in monitoring progress with projects on SRN, including Major Projects, Maintenance and Renewals.

Links between these process areas are presented in the process map in Figure 1.2 overleaf, which outlines the key processes and responsibilities envisaged for the post-reform period.<sup>5</sup> Further detail about these relationships is

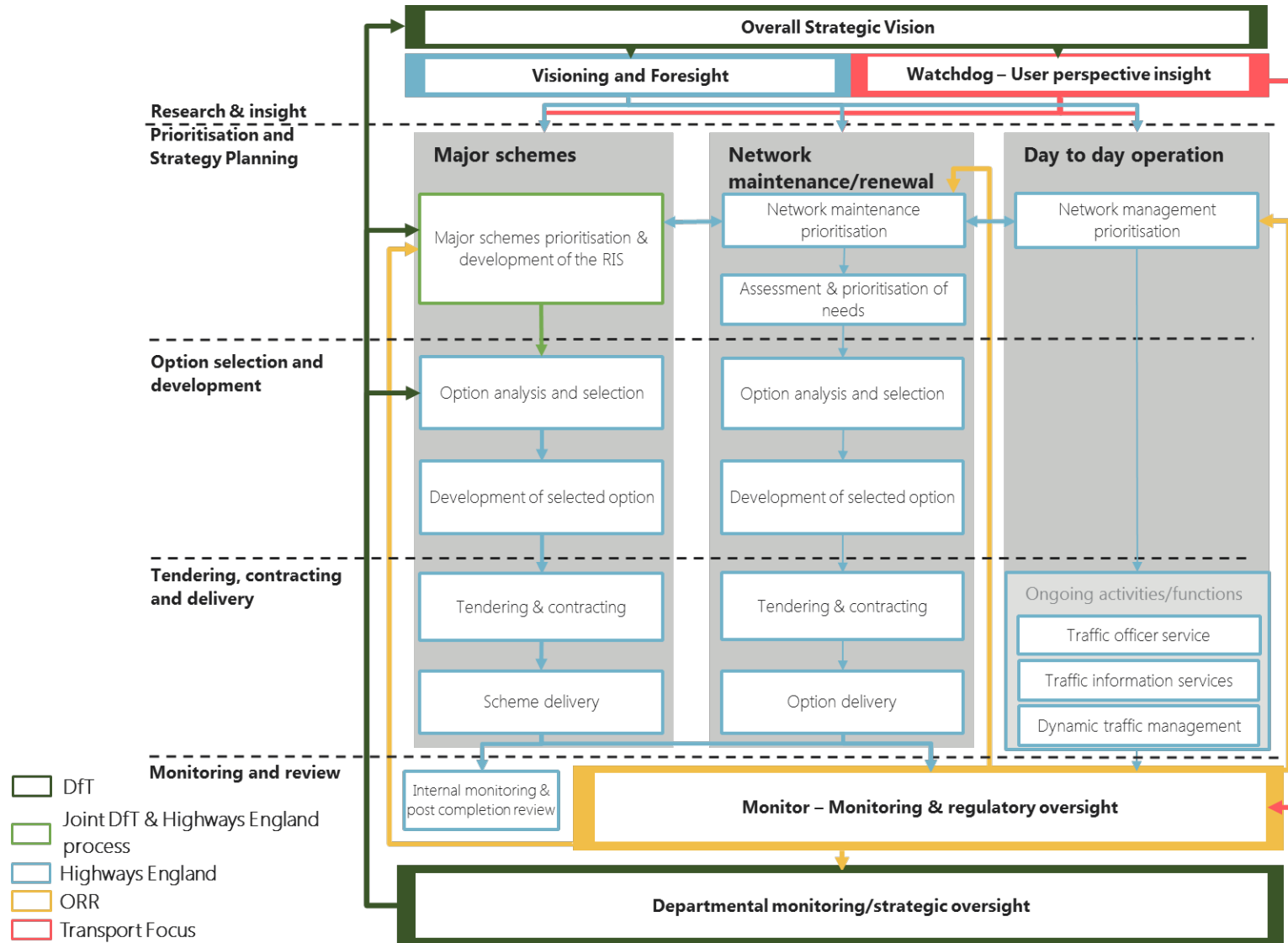
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<sup>5</sup> The figure was developed during the inception scoping stage, and key stakeholders were given the opportunity to comment. Please note that the process map does not attempt to cover all of the RIS processes (Strategy Planning) in detail.



included in the Evaluation Framework. As the main focus of the evaluation during wave one was on assessing these processes, we have organised the findings presented in sections 4.1-4.5 under these headings.

Figure 1.2: SRN development and delivery process map (post Roads Reform)



### 1.3 Approach to wave one of the evaluation

The focus of the work in wave one of the evaluation was predominantly on examination of progress in the process areas outlined in the section above. Findings in this report draw on the following four data sources:

- **Document review** – Over 50 documents were reviewed and categorised in relation to their usefulness to answering specific evaluation questions, and relevant information has been extracted to feed into answering questions in the revised evaluation framework. These documents covered the following categories of evidence: Pre-reform contextual material; Early-stage contextual material; Sources of information on the performance of Highways England; Documents outlining Research and Insight activities; Information on the performance and monitoring of RIS1; Planning and design documents of RIS2; and documents outlining the evidence on institutional change. The key documents that served as sources for answering evaluation questions were:
  - Annual (and six-monthly on discretionary basis) [assessments of Highways England's performance](#) (ORR). These outlined the performance of Highways England in each of the periods specified (most recently, from April 2016 to March 2017). In particular, these collate and present performance against the performance indicators (KPIs and PIs) outlined in the performance specification of the RIS and provide further evidence of development in addition to suggestions for improvement of Highways England. These fed into a number of the key impact measures of interest in Monitoring and Oversight process area.
  - Highways England's Annual Report and Accounts: These reports (most recently, Highways England Annual Report and Accounts 2016-2017, published in mid-2017) document Highways England's take on their progress against the yearly delivery plans and the overall RIS Strategic Business Plan. They include details of actions undertaken by the company not included in the ORR annual assessment. These fed into several of the impact measures explored in section 4.6 particularly in the area of Highways England's governance.
  - Highways England's Supply Chain Strategy (2015) and Procurement Plan (updated regularly<sup>6</sup>): Highways England's supply chain strategy outlines the company's approach to supply chain engagement for the first road period whilst the procurement plan was the first of several planned, detailing the routes to market for upcoming highways projects. These fed into the evidence on tendering, contracting and delivery.
  - Progress with the Road Investment Strategy (NAO, March 2017): This document presents findings from an NAO review of the first RIS. The report explores the development of the strategy, Highways England's progress against it, risks to delivery and suggestions for the future. Evidence from this report fed primarily into the section on prioritisation and strategy planning.
- **Stakeholder interviews**<sup>7</sup> - The team has conducted 15 interviews with internal stakeholders, three additional interviews with Highways England employees holding monitoring information, and 11 interviews with external

<sup>6</sup> The last version we reviewed as part of the research was version 3 (March 2016)

<sup>7</sup> The proposal for the study outlined a total of 15 key internal stakeholders and a further 15 key external stakeholders to be interviewed. After the initial familiarisation work, the study team concluded that the roles within Highways England are distributed across a larger number of

stakeholders. Internal stakeholder interviews covered the four core partner organisations involved and directly influenced by Roads Reform, i.e. DfT, Highways England, ORR and Transport Focus, and a representative of HM Treasury. Interviews with external stakeholders covered representative bodies of road users, suppliers and other relevant organisations such as location based stakeholders, external government bodies, environment/sustainability bodies etc. The interview programme focused on the five process areas listed above, and on the evolution of the system as a whole, including changes within the respective organisations and the relationships between them. The exact focus of each interview was driven to a large extent by the specific role, remit, experience and knowledge of individual interviewees. Some interviews covered most or all topics in considerable detail, whereas others ended up focusing more narrowly on a smaller sub-set.

- **Analysis of MI supplied by Highways England** – working with Highways England, the evaluation team have been reviewing the coverage and availability of monitoring data for inclusion in the evaluation (incl. specific monitoring information about projects, HR, procurement, contracting & Highways England’s supply chain management). All information that was received was analysed and referred to within the relevant parts of the report. A number of data requests are still outstanding; these will be addressed in future iterations of evaluation reports.
- **Highways England Supply chain survey** – a survey of 120 representatives of companies in Highways England’s supply chain took place between 30<sup>th</sup> March and 24<sup>th</sup> April 2017.<sup>8</sup> All interviews were conducted by telephone, and involved conversations with senior personnel at companies which have been involved in delivering any projects or services on the SRN in England over the past two years.

## 1.4 Limitations of the study

As suggested in our evaluation framework, the **first wave** of the evaluation focused on the establishment and evolution of processes and the development of relationships within the first two and a half years after the introduction of the reforms (rather than results and impacts). It draws heavily on qualitative information, in particular interviews with internal stakeholders, supplemented by a desk review of existing documents and data. This includes some monitoring information from Highways England, in particular the information provided in reports to the ORR. In other areas we also base our findings on the analysis of the views of suppliers, collected via the survey, and interviews with external stakeholders. We have carefully considered and triangulated information from different sources wherever possible, and are confident that the findings accurately reflect the weight of the evidence at our disposal (including the views of a balanced – but not necessarily representative – sample of key informants at a particular point in time). However, care needs to be taken when it comes to generalising or extrapolating from the findings of the research to date.

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stakeholders and that there is a case for expanding the list of stakeholders to be consulted in order to collect more robust evidence on evaluation questions. The scope of work was upon agreement with DfT revised to include 18 internal stakeholders, ten external stakeholders and to conduct two interviews of cognitive testing for the supply chain survey. Three further interviewees refused to take part or indicated that their views were represented by colleagues who had already fed into the evaluation.

<sup>8</sup> This represents just under 30% of the 418 suppliers (including those on Highways England’s Engagement Council and other supply chain partners) the evaluators were able to identify, based on information and contact details provided by HE. We are not in a position to assess how representative of Highways England’s supply chain as a whole this is.



As regards **the evaluation more generally**, it is clear that a rigorous and robust assessment of the impacts of Roads Reform is challenging. This is due to a number of factors (discussed in detail in our evaluation framework), in particular:

- the complexity of the reform package, where effects are dependent on changes in behaviour across a complex system of relationships and interactions between many different individuals and organisations,
- the timescale (many of the intended impacts are long term in nature and may only be realised at the end or even after the completion of this study), and
- the very limited options for a robust counterfactual. All of the options considered, including simple pre-and-post reform comparisons, a control group within the UK, or international comparator/s, would be subject to significant limitations.

As a result, the attribution of any impacts (i.e. changes in key indicators) to the intervention itself is inherently challenging. Reflecting these issues, the evaluation will use contribution analysis techniques<sup>9</sup> to explore the extent to which the changes that can be observed were caused by Roads Reform, while duly taking into account and acknowledging the influence of external factors that may have also contributed to (or inhibited the achievement of) the objectives. The contribution analysis approach will be deployed from wave two of the evaluation, when the focus will begin to shift from processes to results and impacts.

## 1.5 Aims and structure of this report

This report presents the main findings of our research in wave one of the evaluation, which was intended to clarify the situation prior to Roads Reform and provide initial evidence concerning the progress made since the Reform, in terms of processes and early results, while acknowledging that significant impacts would take longer to emerge. As such, this evaluation report provides an overview of what the system looked like before the reform, a snapshot at wave one of the evaluation, views on its current effectiveness, and identification of a set of issues that warrant further consideration / assessment in future waves (recognising that the system is still evolving, and some effects from Roads Reform will take more time to materialise).

The remainder of this report is structured as follows.

- **Section 2 – The Roads Reform programme:** This sets out our understanding of the programme objectives and rationale, and the theory of change showing the causal processes by which the Roads Reform programme is expected to achieve its stated objectives, and the key outcomes that will need to be examined through the evaluation. It builds on the logic models developed previously by Risk Solutions and Frontier Economics.
- **Section 3 – Overall high level baseline position:** This section briefly sets out a characterisation of the overall baseline position of the high-level system for managing the SRN, covering all areas of SRN management.

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<sup>9</sup> Contribution analysis is an analytical approach that can be used to explore the question of attribution (i.e. to what extent were the changes that can be observed caused by the intervention being evaluated, rather than other factors?) in situations where a formal statistical counterfactual cannot be used. It relies on an evidence-based verification of the theory of change of the intervention itself, but also a systematic consideration of other potential contributing factors, which are either shown not to have made a significant contribution, or if they did, their relative contribution is recognised. More information on the approach and its application to Roads Reform is provided in the annex.

- **Section 4 – Findings in wave one of the evaluation:** This section of the report draws on data from across all strands of the research and presents findings on the effectiveness of the specific SRN processes as defined in the Process Evaluation Framework (see Figure 1.2 above).
- **Section 5 – Summary of key messages**

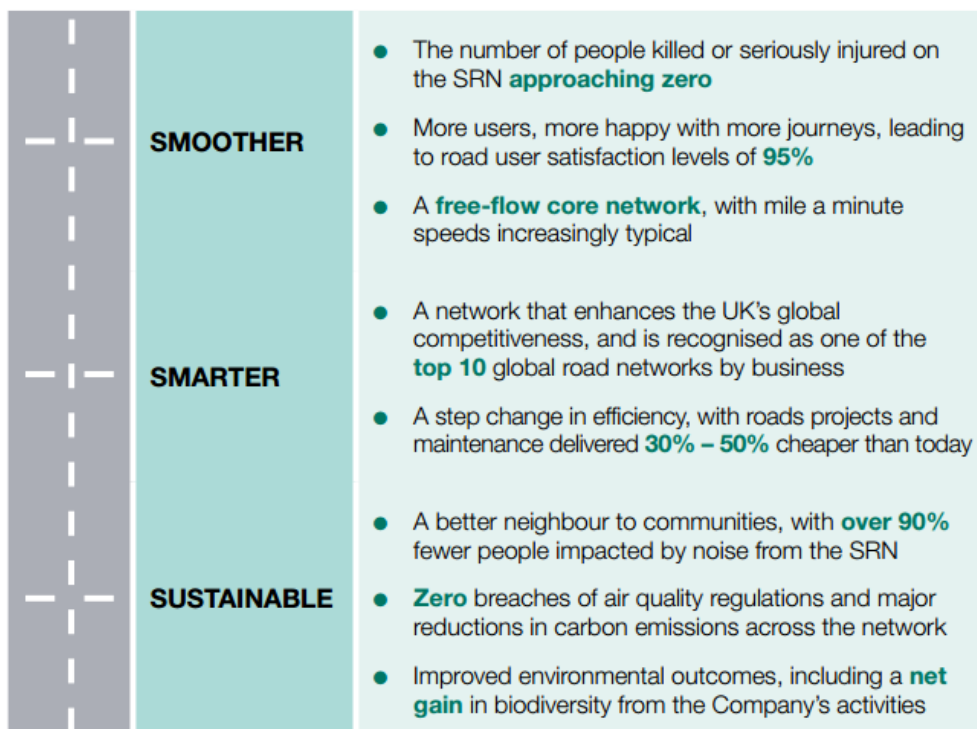
## 2 The Roads Reform programme

This chapter briefly describes the Roads Reform programme, its context and rationale, and a summary of the logic of the intervention (for a more detailed Theory of Change see the Annex).

### 2.1 Policy objectives

Roads Reform refers to a series of changes that have been made to the management and operation of England's Strategic Road Network (SRN) in 2014-2015, building on a series of analyses and policy papers in the preceding years. The reforms aim to create a SRN that gives road users the best quality of service and supports economic growth. One of the key parts of the reform was the creation of a new government-owned strategic highways company (Highways England) in place of the Highways Agency; the [case for this](#) sets out the aim in broader terms 'to create world class national roads infrastructure, supporting economic growth, through maintaining and improving the asset, improving resilience and reliability, reducing congestion and supporting broader, sustainable development and safety goals. This requires a world-leading delivery and operations company that delivers efficiency savings, a step change in the scale and speed of investment, a better service to customers and value for money to taxpayers.' The long-term aims of the post-reform SRN are outlined in Figure 2.1.

**Figure 2.1: Aspirations for the SRN by 2040**



Source: Road Investment Strategy 2015/16-2020/21

## 2.2 Programme rationale

### 2.2.1 The problem

The Roads Reform programme was adopted under the 2010-2015 Coalition Government in response to concerns (outlined in the [case for the reforms](#)) that previous arrangements for roads spending were not suitable. Specifically, they related to concerns that road building and road maintenance in the UK was at least ten percent more expensive than in other countries, and was frequently delivered in an inefficient way – such as during busy road use times (e.g. over Christmas periods). The underlying problems were further specified in a series of reports:

- The [Nichols Review](#) pointed out shortcomings in the governance and capability of the Highways Agency (HA) as early as 2007, when estimated costs for individual road schemes suddenly increased by up to 300%. In response to the governance issues identified here, DfT representation on the Highways Agency Board was increased while Network Rail's Guide to Railway Investment Projects was adapted for highways and adopted by the Agency.
- The [Cook Report](#) four years later outlined the main residual challenges, given projected increases in traffic volumes and associated pressures on the road network, and efficiency targets set by the Spending Review in 2010. The report identified a number of problems, including the prioritisation of short-term needs (ahead of the long-term interests of taxpayers and road users); an overly centralised, risk-averse working culture at the Highways Agency; and a lack of long-term certainty as a result of the annual allocation of funding.
- [Action for Roads: A network for the 21<sup>st</sup> century](#) established the importance of the SRN and its vital contribution to the UK's economy and lives of its citizens. This Command Paper identified that the UK was falling behind key competitors, and found that the institutional framework for the management of the SRN by the Highways Agency created cost-inefficiencies for the taxpayer and did not deliver the best outcome for road users. Reasons included a lack of long-term certainty on investment in the network, a working culture dominated by the processes of wider government, and no continuous external pressure for efficiency.

The final [Impact Assessment](#) for the reforms identified the following issues with the status quo:

- **Dependence** – concern that the Highways Agency was closer to central Government than other organisations providing national infrastructure.
- **Strategic** – limited vision for what the Agency needed to achieve.
- **Stop-go** – the reliance on annual allocations within the DfT's budget created a lack of certainty on projects that resulted in the public purse bearing a higher risk premium.
- **Modal** – the distinction between the funding mechanisms for roads as opposed to other modes of transport meant that spending on roads was more exposed to short-term adjustment in overall infrastructure investment (i.e. because other strands could not be adjusted so readily to reflect policy changes).



- **Limited budget flexibility** – in particular, the Agency had to use its funding allocation within financial year periods.

## 2.3 Theory of change

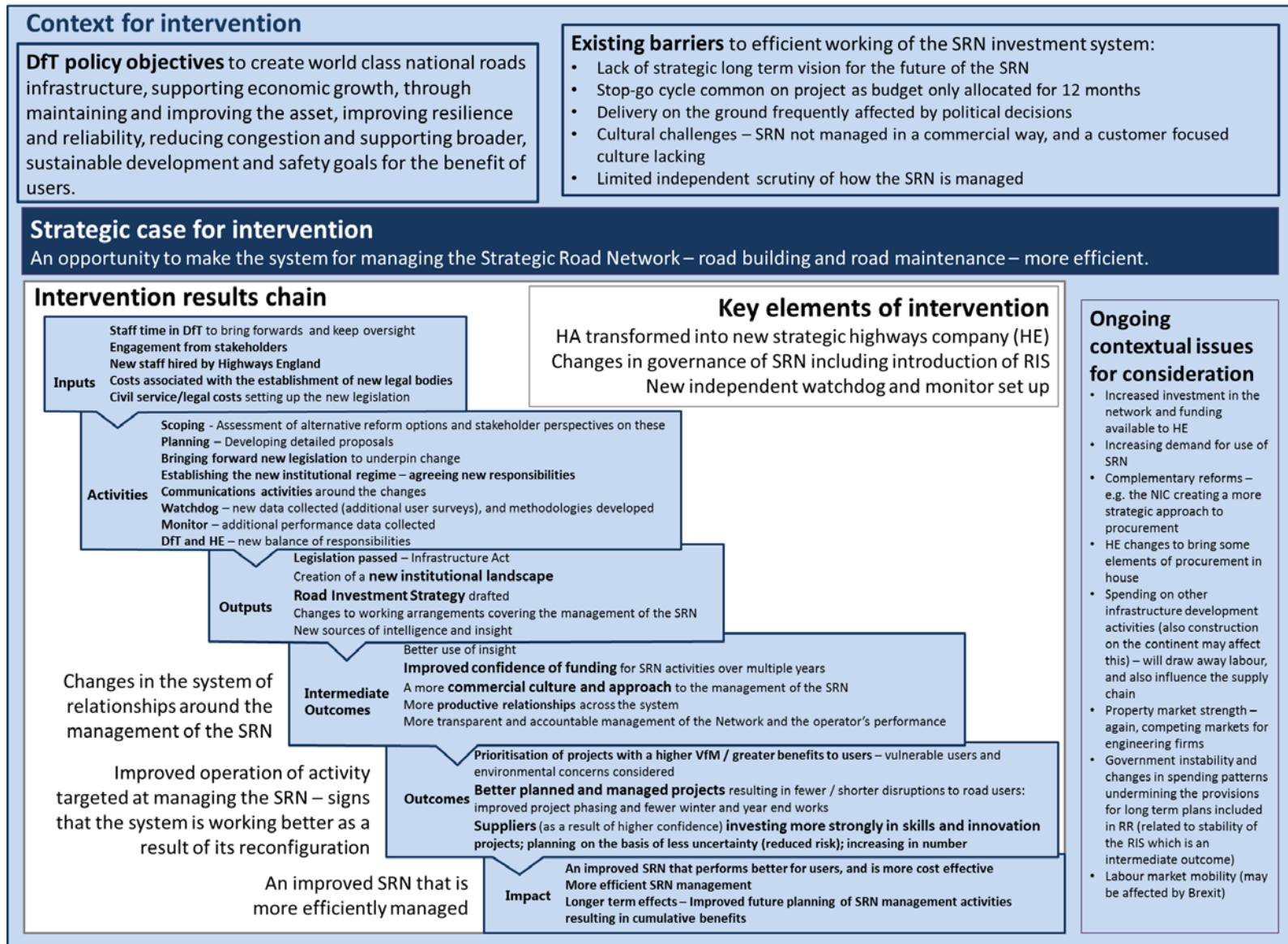
The theory of change (ToC) is a single narrative explaining how the various inputs, activities and outputs of the reform are anticipated to deliver a series of outcomes and impacts. As such, the ToC is an important tool for the evaluation, as it provides a guiding framework for the research and makes explicit the various elements, causal relationships, assumptions and other factors that need to be tested / explored.

A summary theory of change is illustrated in the logic model overleaf<sup>10</sup>. Its individual elements (including the scope and objectives of Roads Reform, the main inputs and activities, the expected results at different levels – outputs, outcomes and impacts – and the timescales within which these are to be generated, as well as the contextual factors that may affect programme delivery) are explained further in the Annex. Wave one of the evaluation focuses predominantly on inputs, activities, outputs and intermediate outcomes (assessed through the lens of the 5 process areas).

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<sup>10</sup> The logic model was developed as part of the design of the original evaluation framework in mid-2016 and is planned to be revisited during the re-scoping phase in 2018.

Figure 2.2: Logic Model of Roads Reform diagram



### 2.3.1 The opportunity

The Cook Report called for a new long-term approach, able to support a more ambitious and forward-looking infrastructure programme. Alongside this long-term approach, the author called for a culture change throughout the Highways Agency and its supply chain, ensuring that achieving better economic value in the interests of road users and taxpayers always came first. This business-like approach was thought to represent an opportunity for annual efficiencies in spending by better managing projects and the supply chain, with an estimated worth of £200 million a year after the first five years based on both 'top-down' and 'bottom-up' evidence. The case for selecting a specific model of what the future network operator would look like (out of four options considered) is laid out in the [Case for creation of a new public body in place of the Highways Agency](#) and [Action for Roads](#). It should be noted that the scale of this opportunity for efficiency gains was described as "additional savings to those made since 2010. As part of its settlement for the 2010 Spending Round, the Highways Agency committed to reducing costs in its major scheme programme by 20% and has achieved this, delivering £644m in savings for the taxpayer. This efficiency is now embedded in the funding settlement for the 2013 Spending Round (SR13), meaning that most of the opportunities to improve efficiency in the pre-2010 system have been exploited already, and only significant reforms can deliver a further step change in efficiency."

## 3 Overall high level baseline position

This section briefly sets out a characterisation of the overall high level baseline position of the main process areas affected by Roads Reform. As outlined in the evaluation framework, the baseline position refers to the time period prior to April 2015 (establishment of Highways England). While RIS1 was published around half a year before the incorporation of Highways England “completed” the reforms, we have chosen the later date (April 2015) as the “formal” cut-off point for the post reform period, but nonetheless consider the effects of RIS1 to be in scope of the evaluation. The process areas around which the findings are structured are based on the process evaluation framework developed by Ipsos MORI during the first phase of the evaluation. The following sub-sections summarise the key features of processes affected by Roads Reform in the pre-reform period<sup>11</sup>.

### 3.1 Research and insight

**This refers to processes relating to gathering and use of research and insight to support decision-making about the SRN, in order to ensure that the needs of road users are at the centre of all activities undertaken by Highways England. Transport Focus (the Watchdog) has a key role to play in this (in terms of research into user perspectives), but Highways England also has a role to develop customer insight as well as undertake research about future requirements for the SRN (visioning and foresight).**

In the pre-reform period, DfT had responsibility for researching the long term future needs of the SRN. This role has largely remained within its responsibility since the reform took place. At the same time, gathering and use of research and insight at the level of users was undertaken by a limited internal function at the Highways Agency. This consisted mainly of the administration of the National Road Users’ Satisfaction Survey (NRUSS), which was established originally in 2006 and has run annually since then, in its current form since 2011. In addition to the Survey, the Highways Agency also collected user perspectives through formal consultation studies prior to commencing any major infrastructure project; however, there was no specific customer insight team within the Highways Agency. In the pre-reform period, Transport Focus was known as Passenger Focus and was the statutory watchdog for rail passengers in Great Britain; it also had a very limited role relating to the SRN, in that it represented passengers of buses and coaches in England (outside London).

### 3.2 Prioritisation and strategy planning

**This refers to the process of establishing a long term strategy for development and management of the SRN.**

In the pre-reform period there was no long term strategy for financing, development and management of the SRN. Instead, there was an annual planning and budgetary approval process, in which HA was seen as a delivery partner for roadbuilding and maintenance but had very little capacity for undertaking analyses and assessments of VfM; these skills resided solely within the DfT in the pre-reform period. As a result, Highways Agency tended to ‘over-programme’ when capital funding was provided on an annual basis, as it was expected that some projects would be

<sup>11</sup> As a result of the timing of the evaluation, the information collected on baseline is limited. This section draws on reviewed documents from the pre-reform period and a limited number of specific questions from qualitative research that enquired about the changes since the pre-reform period. This section is not attempting to present a full account of how each of the processes looked but rather provides a high level summary.

delayed or drop out of the portfolio over the course of the year. In March 2015 leading up to the passing of the Infrastructure Act, DfT undertook six feasibility studies, part of which was an assessment of the affordability, value for money (VfM) and deliverability of the prioritised proposals, using the DfT's appraisal guidance.

### 3.3 Options selection and development

**A process of assessing various options identified in the strategic prioritisation stages, to ensure that the best option is taken forward for each scheme based on factors including value for money, safety, environmental considerations and consideration of vulnerable users.**

In the absence of the strategic long term planning process, the bulk of the prioritisation and planning (including an initial VfM assessment) was carried out by the DfT, and the selection and development of delivery options was then undertaken by the HA on a scheme by scheme basis. All of these processes followed the National Planning Policy Framework and Department for Transport (DfT) Circular 02/2013 on The Strategic Road Network and the Delivery of Sustainable Development. Refining and development of the options for major schemes followed a pre-defined process within the Highways Agency, beginning with the selection of a preferred solution which was then subject to the standard statutory procedures up to the point at which a decision to invest could be made. In the run-up to Roads Reform, the Highways Agency developed three pilot route-based strategies to test out the new approach to feeding options to strategic planning based on evidence. This was otherwise a new concept to the organisation.

### 3.4 Tendering, contracting and delivery

**This area refers to the processes that are used to select and commission suppliers who will deliver contracts on the SRN, in relation to new projects as well as maintenance and renewals.**

HA adopted Early Contractor Involvement (ECI) as its preferred method of contracting for major highway schemes in the mid-2000s. This is a form of partnering, with the contractor appointed earlier than usual to help in planning, advise on 'buildability', and jointly develop a Target Price as the basis for a pain/gain share formula in the contract. The Nichols Review (2007) stated that this approach "potentially reduces project duration, promotes innovation, facilitates value management and value engineering, minimises claims, and is encouraged by the National Audit Office (NAO) and Office for Government Commerce (OGC)". However, the Cook Review (2011) pointed out that past reports had shown that "the capability of the service provider [HA at the time] to act as an 'intelligent client' and its ability to build collaborative and innovative relationships with the supply chain has significant potential to improve efficiency". Cook's report here seems to suggest that the move towards procurement of services further upstream in the value chain reduces the level of absorptive capacity of HA's staff to effectively procure contractors.

For road maintenance, Managing Agent Contractor (MAC) contracts were the key procurement method used by the agency. These were used to appoint a supplier responsible for the design and delivery of road maintenance in a particular area for a period of four or five years with an option to extend to 7. In a 2009 [report by the NAO](#), the findings of which were incorporated into a [report to parliament](#), this contract type was described as "largely follow[ing] best practice", but concerns were raised as to the risks to value for money from a lack of Highways Agency understanding of the costs of various items and failure to exploit the cost information to benchmark prices and drive efficiency.

Other procurement tools that were available to the agency included framework contracts for repeated work for which there are developed markets (e.g. the [Collaborative Delivery Framework](#) concluded in 2014); private finance



for strategic, high value projects; Design and Build contracts for projects beyond the scope of frameworks but for which ECI is not appropriate; and individual contracts for projects in which there are particular unique requirements beyond the scope of frameworks.

### 3.5 Monitoring and oversight

#### **A set of processes involved in monitoring progress with projects on the SRN, including Major Projects, Maintenance and Renewals.**

In the pre-reform period, there was no organisation formally charged with monitoring the work of the Highways Agency (ORR stood for Office for Rail Regulation and had no remit for monitoring roads). Highways Agency had an internal risk and assurance function but its capability to monitor value for money was limited. Highways Agency was also responsible for the regular assessment of the impacts from completed schemes as part of the Post Opening Project Evaluation (POPE) mechanism. These were reviews exploring the extent to which the scheme had realised its expected impacts both one year and five years after opening to the public. Highways Agency also ran its National Road User Satisfaction Survey (see above) but its results were not directly used for monitoring performance. In the pre-reform period, the majority of oversight responsibilities resided with the DfT (dedicated DfT committees). Monitoring responsibilities were part of the standard project management practice at HA (this included a 7 step Prince 2 process) with key decision-making gates.

## 4 Findings in wave one of the evaluation

This section of the report draws on data across all strands of the research (internal and external stakeholder interviews, supply chain survey, desk research and the analysis of monitoring information). It is structured around an assessment of the effectiveness of the five specific processes and provides a high level overview of the pre-reform state in each process area, followed by an early indication of the effectiveness of their working two years after the reforms were introduced.

The findings included in this section represent the situation at the time of the primary research, most of which was undertaken in April- September 2017, and monitoring data received from Highways England up to March 2016. Any further Roads Reform delivery activity undertaken by any organisation since the research took place (post Sept 2017) are not reflected in these findings. We recognise that further progress may have been made in a number of areas, and that some findings may no longer be as relevant.

### 4.1 Research and insight

#### 4.1.1 State in wave one of the evaluation

Research and insight gathering on user perspectives and customer insight<sup>12</sup> within the reformed system has gained prominence within both Highways England and Transport Focus, while the DfT continue to play a largely unchanged role in supporting research on future use of the SRN. We discuss how each of the organisation's processes in this area evolved and provide an assessment of their effectiveness in turn.

Within **Highways England** this area grew in terms of activities being conducted but also in team size. Research and Insight about roads users in Highways England is mainly the responsibility of the Customer Insight Team, which in the pre-reform period consisted of 1-2 FTE, but by 2017 grew to 6 FTE, who also collaborate closely with another 6 colleagues from the Customer Development Team (which started in May 2014). Activities that Highways England engaged in in wave one of the evaluation are<sup>13</sup>:

- **Customer Insight: Highways England's own survey**<sup>14</sup> (running since Oct 2016) – about 21,000 respondents, about 300 per region (HE works within six regions) per month, completed online. The focus of questions is on why and how people are satisfied/dissatisfied with the SRN. This focus was indicated as the main distinction from Transport Focus's NRUSS, soon to be replaced by SRUS, which measures the general level of satisfaction. The survey was described as the 'Area' version of NRUSS, which has both regional and national focus. This is to reflect and to re-focus on what the business needs and what conversations customers want to have via this insight mechanism. The research instrument is geared towards:
  - Highways England meeting the 90% satisfaction target based on NRUSS, run by Transport Focus.

<sup>12</sup> The customer base of Highways England is broader than road users – it includes operators (such as haulage companies), people living in neighbourhoods surrounding the SRN and other non-user groups.

<sup>13</sup> This information is based on interviews with Highways England staff and while the evaluation team has requested to see evidence of these activities, no internal documents have been shared about the level of information produced or how it has been used within Highways England for strategic decision-making.

<sup>14</sup> This information is based on an interview with the Customer Insights manager at Highways England and the extent to which this is different from the NRUSS / SRUS discussed below is not fully clear to us at this stage

- Embedding focus on the ‘Customer’, the Chief Executive’s second imperative, throughout the business.
- **Internal research requests to Senior Customer Insight Manager** – a request can be made by any member of Highways England staff for a reason linked to one of the five Highways England corporate objectives. Once the research project finishes, there is a follow up process both one month and six months later on how the research was used. Each research study is then scored on return-on-investment (ROI). Use of research is not usually directly linked to a specific scheme but to overall company policy, such as air quality policy. Since the introduction of this internal service, Highways England staff reportedly make use of this procedure and regularly come to the Customer Insights team with requests for evidence. This indicates a certain change of culture within Highways England towards being more customer-focused. We are not in a position to assess the extent to which the research has affected Highways England decision-making.
- **Qualitative and quantitative research commissioned by Highways England** – Since Summer 2015, Highways England has worked with research specialists to develop and implement a significant programme of customer engagement work. The focus of this work has been for a research agency to support Highways England in delivering improved customer service and operational performance, and helping Highways England with its broader aim of placing customer satisfaction at the heart of the organisation. Key activities in this area include:
  - **Highways England’s Customer Panel** - an interactive online Panel of c. 2,000 users of the SRN who have agreed to take part in regular research and engagement activities. Together with a wide range of ad-hoc research commissioned through the contract (encompassing qualitative research such as focus groups and accompanied drives, larger-scale nationally-representative quantitative surveys, and innovative techniques such as ‘geo-triggered’ mobile surveys), the research agency has been engaging directly with users of the SRN to understand their awareness, perceptions and attitudes about both the network and the organisation. Research projects commissioned through this instrument have ranged from quick turnaround Panel surveys, stepboards and forums designed to inform and challenge internal thinking or provide insight into new and emerging concepts, to larger-scale bespoke research designed to inform future policy and improve customer service. Projects are undertaken on behalf of a wide range of internal sponsors at Highways England, driving forward improvements within directorates across the organisation.
  - **Customer Forums** - reflecting Highways England’s commitment to “build a strong dialogue with our customers”, and to achieve the Customer Service Strategy goal of “better journeys, better conversations”. The Forums are distinctive from previous research because they involve more conversational engagement with customers. 515 customers – who are regular users of six Major Projects roads – were invited to participate in a series of activities designed to collect their perspectives on the current and future management of major projects. The Forums allowed for quick interaction with customers to collect insights and feedback. The Forums were managed online via a website platform and used predominantly online methods, mostly surveys and discussion forums. These were supplemented with smaller-scale offline activities such as focus group discussions and accompanied drives which allowed for targeting of particular customer groups and more in-depth conversations.

- **Expressways Customer Insight** - research to gain an in-depth understanding of the perspectives of road users on the concept of 'Expressways'<sup>15</sup>. The research undertaken about this type of road is to help ensure that Expressways meet customers' needs as closely as possible. It consisted of qualitative research, such as vox pops, customer engagement group workshops in three locations, supplemented by in-depth interviews with HGV drivers and key stakeholders. Following this, a large-scale, nationally-representative online survey of 2,000 SRN users was developed and deployed, segmenting participants by their attitudes towards this new road concept.
- **Other developments** in the reformed system in Highways England include the formation of the Customer Development Team formed of representatives from various units, which has responsibility for representing customer views, including Customer service directors.

In addition to the newly adopted processes around gathering customer insight, Highways England undertakes consultation studies which include user perspectives – although it is important to note that these studies are a legal requirement and would have also occurred in the pre-reform period.

Furthermore, since Roads Reform, our qualitative research indicated that Highways England has taken a more proactive approach to long-term research into future needs of road users. This approach built on plans made in the Highways Agency's (HA's) Research Strategy (June 2013), in which the then HA recognised the need to do more in response to the changes that were anticipated within the Roads Reform programme, as historically, forecasting had been undertaken by the Department for Transport<sup>16</sup>. Transport Focus has explored this issue through the "Road to the future" report, published in November 2016.

Since taking over responsibility for representing the interests of road users, **Transport Focus** (the Watchdog) also plays a role in feeding research and insight on the needs and levels of satisfaction of this group into relevant Highways England processes. Transport Focus is invited to the table and attends relevant meetings at which it represents the views and needs of the various user groups. While the RIS1 was developed too early for Transport Focus to be involved, they participate in the development of RIS2.

Since 2016, the main change in this area has been that Transport Focus took on the responsibility for the NRUSS – briefly described in section 3 above. The survey will be replaced with the Strategic Roads User Survey (SRUS), which will be designed and managed by Transport Focus. From April 2018 to March 2019 SRUS will be 'shadow-running' alongside NRUSS, at which point NRUSS will be discontinued. SRUS will not be used for formal performance measurement before April 2019. The new SRUS should be a more robust measure of user experience and provide better, more reliable evidence and insight to Highways England and potentially other users. Transport Focus' website states that the "new survey will provide a much richer picture of road user satisfaction than is currently available, including down to individual roads, enabling Highways England to focus more specifically on what needs to be improved and where." At the time of writing, the pilot of the survey was being evaluated and the method to be used when the new survey goes live in 2018 finalised.

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<sup>15</sup> Expressways are a new type of A-road, with enhanced design, safety and technology features to make the customer experience as positive and safe as possible

<sup>16</sup> Department for Transport (2012) Business Plan 2012-2015 published 31 May 2012 and specific studies such as Sharpe J, Ramdas V, Stevens A and Weekley J (2013) Technology Futures: A horizons scan of transport technologies, TRL Project Report RPN2423 and Department for Transport (2011) Road Transport Forecasts 2011

Each year the main results of NRUSS have been published in an annual report, which allowed broad use of findings, not only by Highways England and the Monitor. Highways England (and now Transport Focus) also receive more detailed results, on a monthly basis. The overall user satisfaction calculated from NRUSS is the official measure of SRN user satisfaction and provide an indicator for each journey. There are limitations to this approach, for example if a journey cuts across multiple regions and roads, the respondent cannot attribute different scores to different parts of the journey. Notwithstanding these limitations, Transport Focus feeds the final results into the monitoring framework, but all parties support the development of a more robust measure, and hope this will be achieved via SRUS. Overall, the process of measuring user satisfaction is much more formalised than previously; it now occupies a central role in the monitoring by ORR within the top level of KPIs.

In 2017, Transport Focus have piloted a new type of project, a locally targeted user survey, co-funded by Essex County Council and in collaboration with Suffolk County Council and HE. The project generated valuable information and novel insights from current and future users of the A120 road. The approach was seen to be providing unbiased views and complement legally required consultations on road development planning, which was said to have a tendency to attract biased views.

In addition to taking over the national survey, between May 2014 and September 2017, Transport Focus has published 69 [documents relating to road user perspectives](#) on their website. These include work plans, meeting minutes and 18 research reports covering NRUSS results but also topics such as road user needs and experiences, or priorities for improvement for specific road user groups such as motorcyclists and heavy goods vehicle drivers.

#### 4.1.2 Views on effectiveness of the current system

In wave one of the evaluation, views from internal stakeholders consulted were broadly positive about the effectiveness of the new system, especially in relation to the amount of information being produced by Transport Focus and Highways England on road user/customer insight.

Transport Focus is seen as an expert and independent provider of user views, and their efforts to take on their broader role, and to become an effective partner working with Highways England, DfT and ORR, were widely recognised. In particular, Highways England expressed that their joint working with TF brings about strong user benefits and put issues such as road surface quality up on Highways England's agenda. Although Transport Focus was unable to effectively feed into RIS1 because the development of the strategy pre-dated their establishment, they have since been able to provide a significant amount of input. Its effectiveness is substantiated by our discussions with internal and external stakeholders, who recognised the value of the work conducted by Transport Focus, in particular in terms of generating user / customer insight above and beyond what was available previously.

A view by external stakeholders, who were generally highly complimentary about the new work conducted by Transport Focus, was that representatives of specific user groups were under-represented in current research efforts. One such area concerned views of the haulage industry. The extent to which newly produced information by Transport Focus has been put to effective use by the various parties is difficult to assess at this stage, as it is expected to be observed, to a greater extent, from wave three of the evaluation onwards. In wave one of the evaluation, there were no clearly established communication channels by which Highways England, DfT or ORR respond to newly published research and therefore the evaluation could not systematically assess which research was used, how and by whom. Therefore, this assessment is based on stakeholder interviews, analysis of available monitoring information and review of documents. While the former identified a limited number of examples where



research and insight was used, the document review identified a more general recognition that research and insight is leading to changes in practices within the system.

The primary research and use of secondary evidence from monitoring information identified two examples of how research and insight drove changes within Highways England. The first example is the customer insight providing basis for changes in ways that maintenance projects are managed. Highways England used to have an area-based approach to maintenance activities with decision making often in the hands of their suppliers. In order to have better control over the ability to meet customer needs, they adopted an asset led delivery model (ALDM) which allows longer term relationships with suppliers. In the words of one interviewee, ALDM is a “huge” change; while it reportedly costs more, it helps significantly in terms of allowing Highways England to work better with the supply chain to meet customer needs. The second example was identified in the Monitor’s annual (2017, pg. 17) monitoring report, which outlines how the user survey results were used by Highways England to alter variable message signs. As regards to Transport Focus’s input into longer term-strategy development, from our consultations it is evident that, in contrast to RIS1 development, Transport Focus is invited to discussions about RIS2 and has the ability to represent user views at the table.

Conversations with external stakeholders confirmed that they were not always aware of how new research and insight was being used to inform decision-making on the SRN. Reportedly, there are examples where it was not clear whether or how the research by Transport Focus was taken into account by Highways England. Highways England representatives presented a general view that Transport Focus’s research and insight is being widely used and given enough importance, especially as it comprises one of the eight KPIs on which the organisation measures its success. We will focus to a greater extent in the next wave of research on how different partner organisations are using research and insight to inform decisions as the current findings are inconclusive.

In its latest annual review of Highways England’s performance, ORR found evidence that Highways England had made use of findings generated in the NRUSS, specifically taking action to improve road work satisfaction through various means, including: improvements to the accuracy of travel information on the Traffic England website, customer audits of major works, customer-focused checklists for roadworks and the trialling of higher speed limits through some roadworks. Another example of Highways England incorporating user feedback from the annual review highlights amendments made to variable message signs (VMS) in which estimates of delays are now provided, as are place names – small tweaks to improve usability for drivers.

*“There is a feeling that Highways England is doing a lot with what TF is providing them with but they are poor at telling TF how they use the information. If this continues TF may come to a conclusion that their work is not useful.”*  
Internal Stakeholder

Along the positive view on effectiveness of the current system, interviews with Highways England staff suggest that there has been a certain level of cross-organisational learning between Transport Focus and Highways England, which has led the latter to consider novel approaches such as dash cams or mystery shopping to gather customer insights.

*“TF suggested things like using dashcams to record user experiences, to have ‘mystery shoppers’ tell us about journeys through roadworks, what they think of signs etc... As a result, we are including haulage firms, motorised and non-motorised users [in our own research]. TF have helped us see a key segment is operators – e.g. hauliers, people who*

*run the business, not just drivers. Different users have different needs and we have more awareness of that.” Internal Stakeholder*

While our consultations did not highlight major changes in forecasting and research relating to future needs of the SRN users, the publication patterns demonstrate that Highways England has taken on a greater level of responsibility for strategic research. One of the major publications in this period was The Road to Growth, Highways England’s first strategic economic growth plan for optimising the economic impact of the SRN, which outlines a longer-term proposition considering the future up to 2050. It provides a framework that is expected to influence Highways England’s long-term strategy for the network and guide its future operations and decisions. In the following years, the evaluation will be able to track any changes to these strategic outlines. The overall responsibility in forecasting and long term research is shared between the DfT and HE. While Highways England produced the Route Strategies, DfT have retained some role through commissioning the Strategic Studies – the long term plans – for RIS2 and maintain the key statistical series on the road network.

#### 4.1.3 Views on effectiveness of relationships

Highways England views Transport Focus as a ‘critical friend’ / partner. Highways England staff indicated that duplication of efforts in generating research insight is avoided through awareness of each other’s work. Our consultations confirmed that this collaboration is also viewed positively by Transport Focus.

*“HE has developed a good working relationship with TF; whenever there is a need for research on user perspectives, Highways England uses TF. Internally at Highways England the promotion of user values needs to continue. At the senior executive level, the recognition is clear, but below, in operations and technical roles, everything works as before. Senior management creates messages within the business but it is a long road.” Internal Stakeholder*

DfT consultees were complimentary about the work of Transport Focus, especially the detailed analyses of specific user groups which should inform future prioritisation decisions. Transport Focus itself recognises that the organisation is young and that they have gone through a period of learning of how to operate and fulfil their role as the Watchdog for transport passengers and road users. ORR sees the Watchdog as a partner but acknowledged that it would be unrealistic to expect the changes to SRN, resulting from Roads Reform, to lead to improved user perceptions in the very short term. Stakeholder interviews with partner organisations observing the change recognised that changing attitudes towards user benefits within the SRN development system is a ‘a long-term game’.

Transport Focus sees the relationship with Highways England as “surprisingly good, open and honest”. The only shortcoming identified was the “slight misperception” by representatives of Highways England who may not always appreciate fully how long it takes to design, execute and provide findings of robust research. The relationships with DfT and the Monitor are viewed as good working relationships, with positive signs from DfT that ministers refer to the findings of surveys and research produced by Transport Focus.

*“It’s not just a tick box, people are working together.” Internal Stakeholder*

#### 4.1.4 Summary

Before the reform, the generation of research and insight on customer (i.e. road user) perspectives was essentially limited to a survey (NRUSS) run by Highways Agency, while the DfT undertook (and to some degree continues to

undertake) research into future requirements of the SRN. In wave one of the evaluation, we have found evidence of major improvements in the amount of research and insight generated by the Watchdog, Transport Focus, which has taken on new activities and responsibilities related primarily to user perspectives and customer insight, but also in Highways England, which has also increased its resources in this area. Highways England has also published a strategic long term plan that demonstrates a shared responsibility in forecasting future needs of SRN users. There is an expectation that in wave two of this evaluation, the amount and quality of information will improve further, mainly due to the launch of SRUS. Evidence of the extent to which the additional insight into customer perspectives is fed into and affects Highways England decision-making is at the present time limited to specific examples identified through qualitative research and desk research. A more formalised process for tracking responses from Highways England to specific research outputs would allow for a more systematic assessment.

## 4.2 Prioritisation & strategy planning

### 4.2.1 State in wave one of the evaluation

The reform resulted in Highways England taking on a much more important role in setting out the new strategy and planning large projects than in the pre-reform period – when Highways Agency was purely seen as a delivery agency for the DfT. The key development in the area of prioritisation and strategy planning is the introduction of multi-year Road Investment Strategies – the first of these (RIS1) was published in late 2014 and covers the first road period from 2015 to 2020. In wave one of the evaluation (2017), the RIS1 is almost half way through delivery and RIS2 is currently being prepared.

#### RIS1

The first Road Investment Strategy (RIS1) outlines a long-term programme for England's motorways and major roads with the stable funding needed to plan ahead. It comprises of: a long-term vision for England's motorways and major roads, outlining how smooth, smart and sustainable roads will be created; a multi-year investment plan that will be used to improve the network and create better roads for users; and high-level objectives for the first road period 2015 to 2020.

RIS1 was developed over an extremely ambitious timeframe, and since it coincided with an increase in the annual budget, the available funding was such that there was very little if any perceived need for (de)prioritisation of schemes. In 2015 (one year after the publication of RIS1), DfT published further evidence papers and analyses that fed into the RIS and associated investment plan. This included six feasibility studies examining problems and identifying potential schemes on the SRN, economic analysis, analysis understanding the drivers of road travel, SRN statistics and social research analysis relevant to the development of the RIS.

*"At DfT, we knew that RIS1 would provide the best option ever for gathering real information for these decisions – an extensive programme of information gathering led by the [newly appointed] Chief Analyst and Lead Economist and their teams – so they have a more capacious evidence base than we have had hitherto." Internal Stakeholder*

Through putting in place a collaborative strategy planning process (multi-annual, typically five-year RIS periods), the DfT is able to actively track stakeholder engagement over a long period of time and see what proposals come out of it. Stakeholders involved in this process acknowledged the challenges of working with a large body of information while bearing in mind the government's wider agenda (incl. domestic policy, international trade and

potential changes of minister/policy). As a result of this complexity, the DfT have taken a clear decision that the process of setting each RIS agenda could not be and would not be a purely technocratic exercise.

*"The RIS process is heavily dependent on where ministers wish to be... The DfT RIS Futures team are not in the business of creating a mechanical piece of equipment that gives you the top 50 road schemes and presenting them to ministers and saying please sign here – it's a much more engaged process than that." Internal Stakeholder*

RIS1, as published, was to progress 112 major schemes. However, the staging of work in RIS1 results in a "tail-heavy" profile of work, with the majority of schemes entering construction phases during the second half of the period. In 2016-17, Highways England planned to start construction on four schemes and open eight to traffic. In fact, it started work on eight schemes (four being brought forward) and opened seven out of eight (one delivered early and two experiencing delays). Those involved in its design and planning of RIS1 stated that it was an appropriate pattern for long-term planning.

## RIS2

For RIS2, the state in wave one of the evaluation is that the DfT RIS Futures Team is in place (and has been since June 2015) and collaborates with counterparts at partner organisations. The team is in phase one of a three phase process, working on preparation of RIS content to enter the statutory process. Some elements of RIS2 are already in place, including the six Strategic Studies, 15 Schemes identified ahead of time for RIS2, and a research programme building a body of evidence on which strategic prioritisation will take place.

*"We are now two years through that [RIS2 development process] and about a year from the end of the process, getting towards the formal decision making assembly line" ... "The strategy planning process is a difficult area and one that DfT are still refining." Internal Stakeholder*

### 4.2.2 Views on effectiveness of the current system

#### Development of RIS1

The first RIS was developed and approved over a relatively short space of time. Considering the time available, the process was found to have been effective by all interviewees who were involved (either heavily or peripherally). Nearly all DfT consultees indicated that the process resulted in a good set of projects, but there was also agreement that in the case of the first RIS, no real prioritisation took place (as the available budget was sufficient to cover all major schemes that were under consideration). The consultees representing the Monitor were also understanding of the situation – one responding: "the timeframe meant the portfolio of projects had a higher uncertainty than one would have ideally liked."

*"The pipeline was formed by some schemes that were known [by decision-makers] to be on the list and some were 'on the shelf' for a longer time, but all of them had some kind of a business case (detailed look). Ultimately to see if it was effective we will see when the schemes are being constructed and delivered, which will be towards the end of the first RIS period." Internal Stakeholder*

*"In RIS1 there was no real prioritisation. The HA pipeline of potential projects was small, reflecting the historically low levels of funding. The approach taken was to ask 'what is in the pipeline' rather than to prioritise - all schemes were seen as necessary and there was large enough budget envelope to make them all affordable." Internal Stakeholder*

At the time of RIS1 development (in period leading up to the reform), the capabilities to conduct Value for Money (VfM) calculations in the Highways Agency were limited and the timescales did not allow any detailed analysis; although in hindsight, one internal stakeholder noted that “more detailed VfM calculations could have been done and would have probably avoided challenges from the Monitor during monitoring of Highways England’s progress in RIS1 delivery”. It is worth noting that at this time (pre-Infrastructure Act) the responsibility had not yet been formally passed from the DfT to HE. Internal stakeholders close to these processes nevertheless commended the efforts and achievements by Highways England, noting there is a balance between depth and breadth to which one can go at the planning stage and that Highways England’s analyses achieved this. It is also worth noting that DfT has put in place a 6-monthly review of Highways England’s capabilities in Value for Money and Analytical Assurance which has highlighted improvements across the capabilities in this area.

One of the notable shortcomings of RIS1 concerns the specificity of detail and accuracy of cost prediction; it is now apparent that in some cases the cost was underestimated by a substantial margin.

*“We did the best with the evidence we had available – there were some structural elements we had not quite picked up on in 20% of the programme, whereas the [evidence and strength of analysis supporting the] remaining 80% was incredibly strong. This is all about the prioritisation of the capital spend programme.” Internal Stakeholder*

In summary, the shortcomings in effectiveness of the process to develop RIS1 were set out by stakeholders as:

- **Lack of detail in description of individual schemes** – While the list of schemes was detailed in the strategy, there was insufficient detail to ensure that the scope is realistically deliverable within the timeframes and budgets available.
- **Culture of over-programming** – There was a recognition within the DfT that there was overprogramming in the RIS1 portfolio – however this was not necessarily a view shared by everyone in Highways England which are delivering the projects. There has recently been a thorough review of all RIS1 schemes, resulting in a number of changes; eligible costs have reduced for some schemes and the identification of double counting of the benefits between different schemes.
- **Deliverability of all schemes** - As a result of the first two shortcomings, some of the 112 schemes included in RIS1 are not deliverable in their current format. In some cases, the scope of the schemes has been reduced (with corresponding cost savings, but also likely reduced benefits). This is in line with the findings of the [recent NAO report](#), but was not necessarily understood by all stakeholders. While some external stakeholders with long experience in the construction industry also noted they had been sceptical from the outset regarding the deliverability of this ambitious plan, the supply chain survey did not reveal any issues in this respect.
- **Lack of consideration of user benefits in the decision-making** – Although it was widely understood that the timing of RIS1 made this very difficult (especially seeing as the Watchdog had not yet been set up), it was noted that, as a matter of principle, the benefits to road users should be considered as part of the prioritisation and strategic planning to the greatest extent possible. In the words of one internal stakeholder: “Everything that is being done should have a link to the user or the economy. We need to keep asking how user perceptions are used in the models. One challenge is putting value on it and quantifying greater satisfaction alongside economic benefits. It is a genuinely challenging position for HE.”

- **Balance between new projects and renewals and maintenance** – The heavily skewed balance towards new schemes was questioned by both internal and external stakeholders.
- **Slow start of the RIS1** – The slow start to RIS1 implementation, which has resulted in the ‘heavy tail’ to be delivered during its final years, was attributed to the need to finalise the process of setting up some of the implementation bodies (such as design panel and designated funds). This may result in some of these schemes overlapping with the delivery of RIS2.

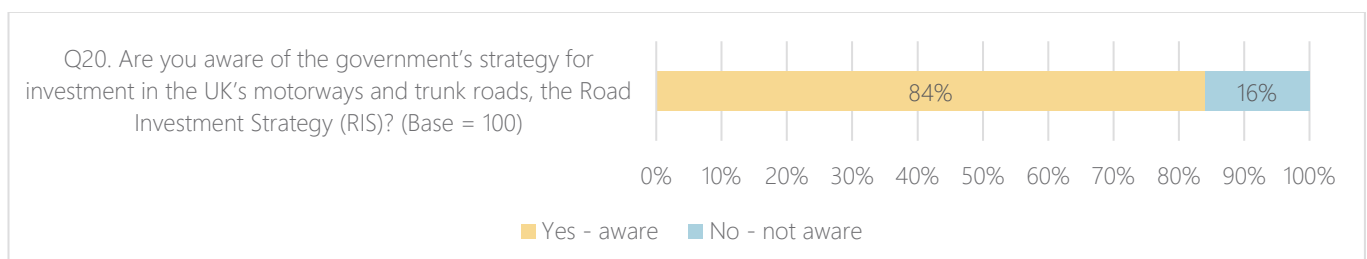
Notwithstanding these shortcomings of RIS1, the move towards five-year planning is seen as a positive development by all internal stakeholders consulted. The RIS1 development team appear to have succeeded in ensuring that a variety of internal and external stakeholders felt consulted and able to feed into its development. In fact, all the stakeholders interviewed in wave one of the evaluation had fed into the development of RIS1 in some way, many through engagement events held by DfT. Most felt that their views had been taken into account, although there were specific groups, especially those representing user groups, which would have expected even greater engagement.

*“The engagement is much more substantial than what used to happen pre-Roads Reform but more could be done.”*  
DfT

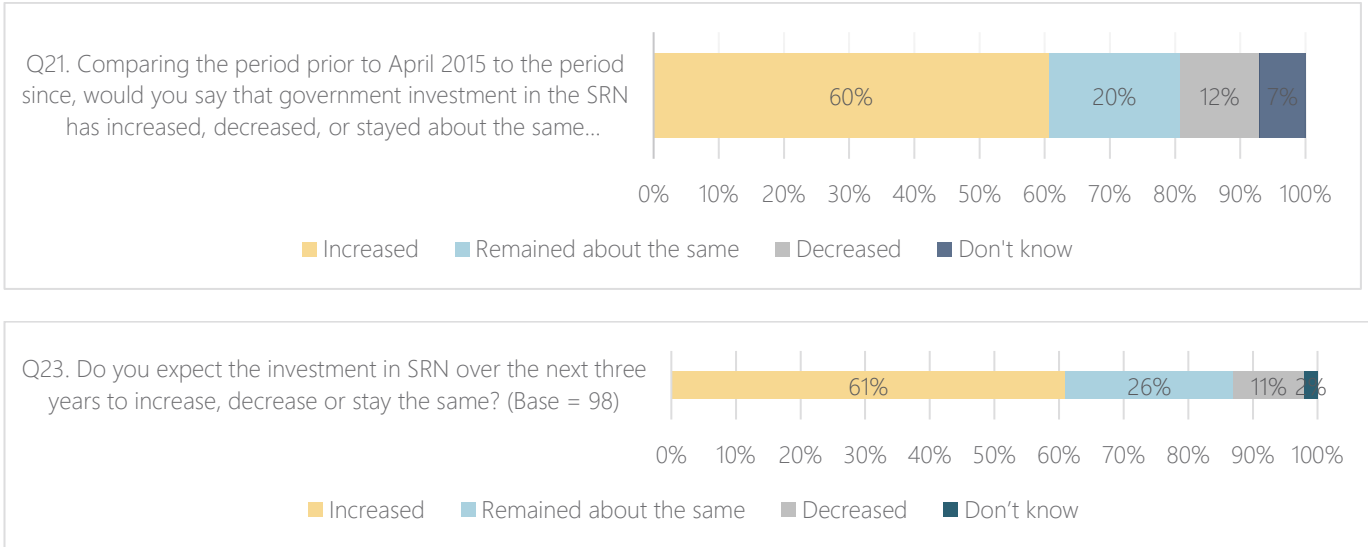
Furthermore, our survey of Highways England’s supply chain indicates that there is:

- **A high level of awareness of the RIS and its impact on investment in SRN** – 85 percent were aware before the interview, especially larger suppliers working directly with HE. There is clear awareness that investment in the SRN has increased over the last two years, especially among direct suppliers and those not involved in construction.
- **A perception that the RIS is contributing to improved stability of funding** – When asked directly about the importance of the RIS for delivering stability, 62 percent confirmed this link to great/some extent, while only nine percent stated ‘not at all’.
- **Strong expectation that funding will increase further in the next three years** – 61 percent indicated that they expected the investment in SRN to increase over the period of next three years.
- **An improving visibility of future pipeline compatible with RR objectives** – We asked those who indicated increased confidence about availability of funding (44 respondents) what has driven these improvements in confidence. 59 percent indicated ‘Greater visibility of future pipeline of work’.

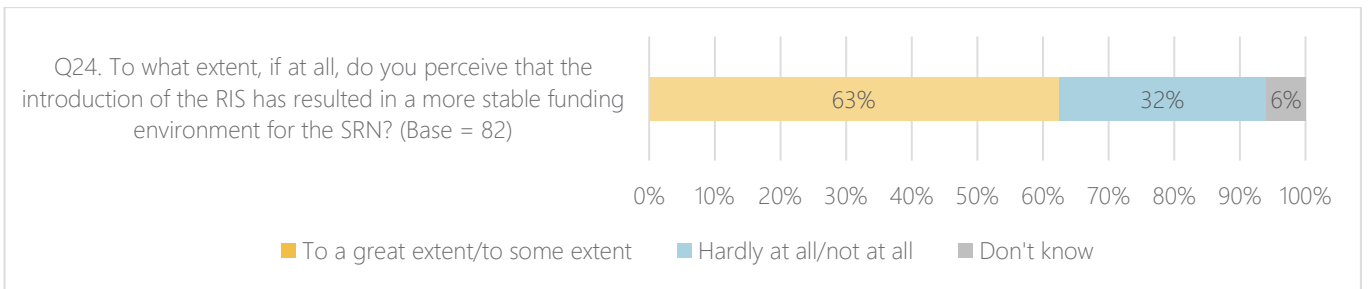
**Figure 4.1: Supplier perceptions on: Awareness of the RIS, Current level of gov. investment in the SRN, and Future level of government investment**



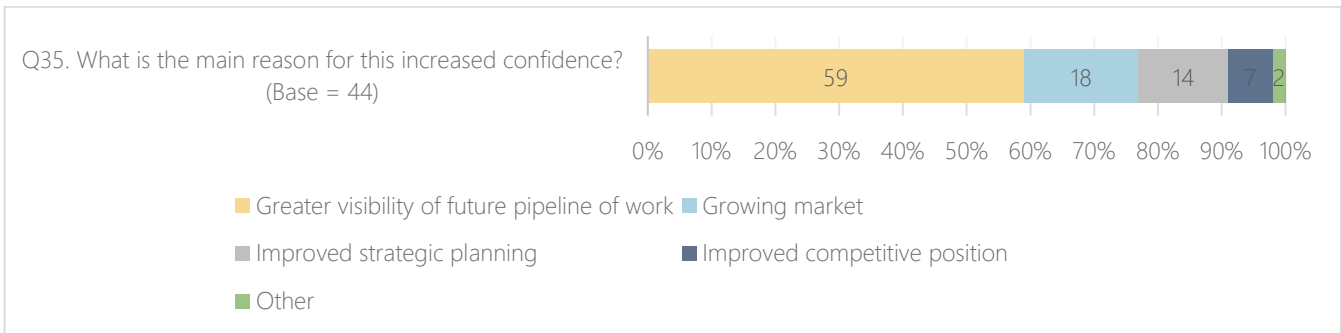




**Figure 4.2: Supplier perception in stability of funding**



**Figure 4.3: Reasons for increased supplier confidence**



Source: Supply chain survey 2017

A positive sign of effective processes is when those involved identify shortcomings and learn lessons from the process. The DfT has conducted an internal review to learn from the RIS1 process. The findings from this review are summarised in the text box below. They have been acted upon in the form of the design of the RIS2 process, notably adopting longer lead-in timeframes and phasing of Highways England’s business plan from investment plan.

**Box 4.2: Lessons Learned identified by DfT (Extract from DfT internal document)**

The development of this RIS was a one-off - as the first of its kind. Its adoption followed a special route which drew on a range of preceding work, which is likely to be carried out as part of a consciously organised development process in future iterations. The key lessons learned identified in an exercise in January 2015 were:

- Stakeholder engagement was an essential part of the process, and allowed major dividends. Careful preparation of iconic schemes, engagement on sensitive routes through the feasibility studies and structures such as the designated funds helped to give potentially difficult stakeholders a real stake in making the RIS a success.
- The investment package was well designed, based on a sound knowledge of the network and good links with e.g. local growth deals. A large majority of the most significant schemes were addressed directly in the plan; where they were not this was known and arrangements in mitigation were ready.
- Good internal links and information sharing (within the team, between DfT and (at the time) HA, with other departments and between officials and ministers) helped manage differences of opinion at an early stage.

In response to whether lessons had been learned from RIS1, one DfT stakeholder responded: *“So far we have tried to keep the joined up approach across the four bodies and we have had quite an ambitious programme of engagement. There is a regular group that coordinates stakeholder activities, supported by three consultants doing the background work.” Internal Stakeholder*

DfT interviewees indicated that, in addition to learning from RIS1, the DfT RIS Futures were paying attention to the events in the rail sector investment programme in recent years (incl. the outcomes of the Bowe and Hendy reviews) and were seeking to ensure the lessons learned there are properly covered in the management of risk in RIS1 and the way RIS2 is developing.

### Development of RIS2

The second Road Investment Strategy (RIS2) is different from RIS1 in many ways, but most importantly it is being developed via a multi-year process, with a genuine attempt to (de)prioritise schemes built into it. The amount of time and diligence taken to develop it greatly exceeds what was possible in RIS1. While the various background studies are answering the same questions as in the case of its predecessor, there is a step up in terms of the level of detail and factors considered in planning, which was considered one of the key shortcomings of RIS1. From our consultations, we can summarise that there is a general sense of satisfaction in how this process has gone so far, especially from the DfT which require broader scope of analysis from HE. Moreover, stakeholders involved in RIS2 indicated that the process is more explicit with regard to over programming, and makes use of ‘reserve lists’ of schemes for potential deprioritisation.

*“For RIS2 it appears that many of the challenges encountered in RIS1 have been resolved – It feels completely different. They [HE] are focusing on the same questions, outputs and benefits (though RIS1 focused on standard WEBTAG time and cost variables, while RIS2 is broadening out to think more about the environment and the economy), but the ambition for the analysis is a huge step up from what was undertaken on RIS1, and planning is focusing on a conversation of ‘how shall we choose’ between competing options for funding”. Internal Stakeholder*

*“The decision for appointing a RIS Futures Team to start preparing RIS2 as early as June 2015 was taken to make the most of the five-year period, especially in light of RIS1 having been too rushed. The work of the RIS Futures Team entails three phases: the first phase (years one-three) to prepare RIS content to enter the statutory process; phase two (year four) to clear the defined statutory process..., and phase three (year five) for mobilisation (after the poor experience of time pressure in RIS1)” Internal Stakeholder*

In RIS2, the process of scheme assessment is driven by the DfT – but the VfM and Analytical Assurance analyses underpinning the assessment are performed by HE. In response to its increased responsibilities, Highways England’s capabilities have grown significantly, demonstrated by the staff numbers in this area increasing from one FTE in the pre-reform period to currently 62 (exceeding the number of analysts in road analysis at DfT pre-Roads Reform). More broadly, there have been reports of improvements in analytical capability across the four partner organisations resulting in greater competency in posts feeding to, and participating in, the RIS2 steering group. Ultimately, these improvements were said to result in more precise VfM models. Current VfM calculation models developed by Highways England for RIS2 were still evolving at the time of the research, and there was a recognised need for calibration.

*“In RIS2 there is much more detail on both benefits and costs; although sometimes there is uncertainty in both of these elements, there is much more quantification of benefits going on now. The ambition is much stronger.” Internal Stakeholder*

The efficiency of RIS2 at this point cannot be fully assessed but those involved in the process – whilst acknowledging being somewhat biased due to their own involvement – stated that it has so far been a successful (but not perfect) process. The initial assessment of those involved in the RIS2 steering group was that the costs for specific projects appeared too high, possibly because they had some contingency built into them (at the time this research was conducted, this was being queried). There were some elements of the programme that were said to be running at amber or amber/red at the time of the research. ORR also reported that RIS2 suffered from a number of timing, governance and resource issues which will be explored further in the next wave of the evaluation.

Value for Money (VfM) assessments have evolved over time and were said to, for the first time, provide a holistic up-front estimate of the benefit-cost-ratio (BCR) for the whole programme. Although there was an analysis of the benefits and costs of the programme in RIS1. Highways England led on this development and while stakeholders involved recognised the challenge, they appreciated the achievements in this area. It is also recognised that the system will continue to evolve and the above assessment only represents a snapshot at the time that the research was conducted – not recognising improvements made past September 2017.

#### 4.2.3 Perspectives on relationships relating to prioritisation and strategy development

DfT consultees reported that leadership activities are working well amongst the four “partner organisations”, although they noted that, as one may expect, the Monitor had only limited engagement in the early stages of RIS2, but are expected to provide an early assessment of it at a later date. ORR confirmed their more recent heavy engagement in the governance, monitoring and reporting on RIS2.

Establishing a common understanding between parties in this area took longer than anticipated by some of the DfT and Highways England stakeholders consulted within the evaluation; while this research was being conducted, there were ongoing efforts to clarify the roles of individual parties. This appears to have effectively minimised duplication

of roles between the partner organisations, and the structures, groups and meetings were said to be 'about right' for the purpose (possible further simplification potential notwithstanding).

#### 4.2.4 Summary

Prioritisation and Strategy Planning is one of the areas that has seen the most substantial change, from being done on an annual basis before Roads Reform, to a five-year planning cycle since 2015. The longer term planning was unanimously seen as a positive development by both internal and external stakeholders interviewed during the first wave of this evaluation.

The first RIS was a new process for all parties involved and was subject to heavy time constraints. Nonetheless, it was seen as a broadly effective process, even though the set of new schemes was presented with less detail than would be optimal for its translation into action. While our survey of Highways England's supply chain identifies high levels of awareness and signs of increased confidence in the investment in the SRN, some external stakeholders voiced scepticism regarding ability to deliver the RIS1 schemes – which seem to be borne out in practice, as some schemes are delayed or have had their scope reduced. Other shortcomings of the first RIS – again largely due to its development timeframe, in lead-up to the Roads Reform taking effect in April 2015 – were the lack of detailed VfM calculations backing every scheme, balance between new projects and renewals and maintenance, and a relatively slow start. As a result of the detailed specification of each scheme in the RIS, there was a perception that some costs associated with projects were higher than anticipated, including a 'buffer' for the uncertainty in the specification.

The available evidence suggests that appropriate lessons from the experience with RIS1 have been learned and are being put into practice in the ongoing development of RIS2. These include an early start to the process (almost as soon as RIS1 was launched) and the strengthening of the analytical capacity within Highways England to support the RIS development process. As a result, stakeholders were confident the process would be more effective, but this cannot be fully assessed at the current stage, as the first key outputs are still being developed.

### 4.3 Option selection and development

#### 4.3.1 State in wave one of the evaluation

This process area relates to the selection and development of options for implementing and delivering schemes, once the strategic planning and prioritisation has been decided (as discussed in the previous section). In wave one of the evaluation, this area of work experienced relatively little change, as Highways England have continued to apply a standardised process that ensures specific gateways are passed, and formal legally required consultations take place, before the tendering of suitable suppliers to deliver the work.

The main changes revolved around the increased capacity of Highways England to perform VfM calculations (already discussed above), and newly set-up processes for internal (HE) approval of major schemes that do not exceed £500m or are not considered contentious. This has resulted in greater responsibility taken on by Highways England and additional assurances within the system. These changes have resulted in a project control framework in place since 2014.

*"Before the reform, HA was solely seen as the delivery partner for building and maintaining the SRN; now in the post-reform world, Highways England also has to be involved in making decisions about options." Internal Stakeholder*

#### 4.3.2 Views on effectiveness of the current system

Given the relatively minor changes experienced, and perhaps also the low visibility of these processes beyond Highways England itself, the amount of feedback we were able to collect in wave one of the evaluation was very limited. Therefore, it is too early to make any substantive conclusions about effectiveness of the processes in this area within the reformed system. We can only report that DfT and Highways England staff involved in re-design of the processes were both in agreement that the tier approval system is an effective process and could not identify any specific shortcomings of the processes involved. It was nevertheless suggested that option development could be further refined by taking into account targeted (future) user needs when considering options for how to undertake a given project, either in its design or plan for implementation. One stakeholder involved in the process noted that use of research may highlight problems earlier and by that create efficiencies.

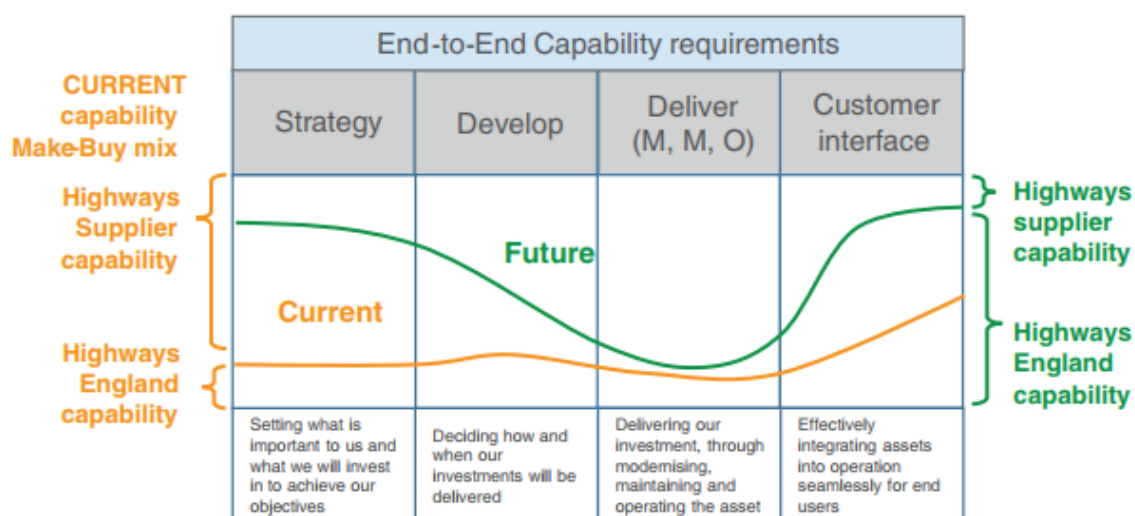
### 4.4 Tendering, contracting and delivery

#### 4.4.1 State in wave one of the evaluation

In light of the reform and the associated increase in funding, Highways England have in the first wave of the evaluation commenced the review of the tendering, contracting and delivery processes. The revision of these processes has potential to visibly have an impact on the way Highways England is perceived by its supply chain and result in being seen as a 'smart client'.

In late 2015, Highways England published their first supply chain strategy since the reforms setting out how they plan to work together with the supply chain to deliver business outcomes, build capability, develop relationships and deliver performance through the first road period. Within this, Highways England presented their plan to extend the end to end capability of the company across the highways strategy, network development, investment delivery and customer interface domains. It signifies a substantial increase in their capability to decide strategic priorities that are important to achieving their objectives, deciding how and when investments are delivered and the effective integration of assets into use for end users. The delivery of investment, whether a major project, maintenance or operation, remains firmly an area in which supplier expertise is relied upon, however this still represents a substantial increase in the amount of work taken in-house for Highways England and it is not evident that this capability has been fully developed. It is likely that this will take time to develop and requires cooperation with the supply chain.

Figure 4.4: Current and future Highways England End-to-End capability



Source: Highways England Supply Chain Strategy 2015

Following on from the supply chain strategy, in July 2017 Highways England published their first procurement plan for this road period detailing the company's intentions with regard to procuring work for RIS1 projects, emphasising what they see as the most significant factors in determining best value:

- Exemplary health and safety performance;
- Excellence in customer service delivery;
- Performance based on whole-life value and affordability; and
- Innovation.

Highways England also state their intention to move away from a 'one size fits all' type approach to procurement, akin to the Collaborative Delivery Framework (see section 3.4), to a more programme based approach with four programme areas defined as:

- Conventional widening and junction improvements, also known as the Regional Investment Programme (RIP);
- The Smart Motorways Programme;
- Complex infrastructure projects; and
- Maintenance and improvement activities.

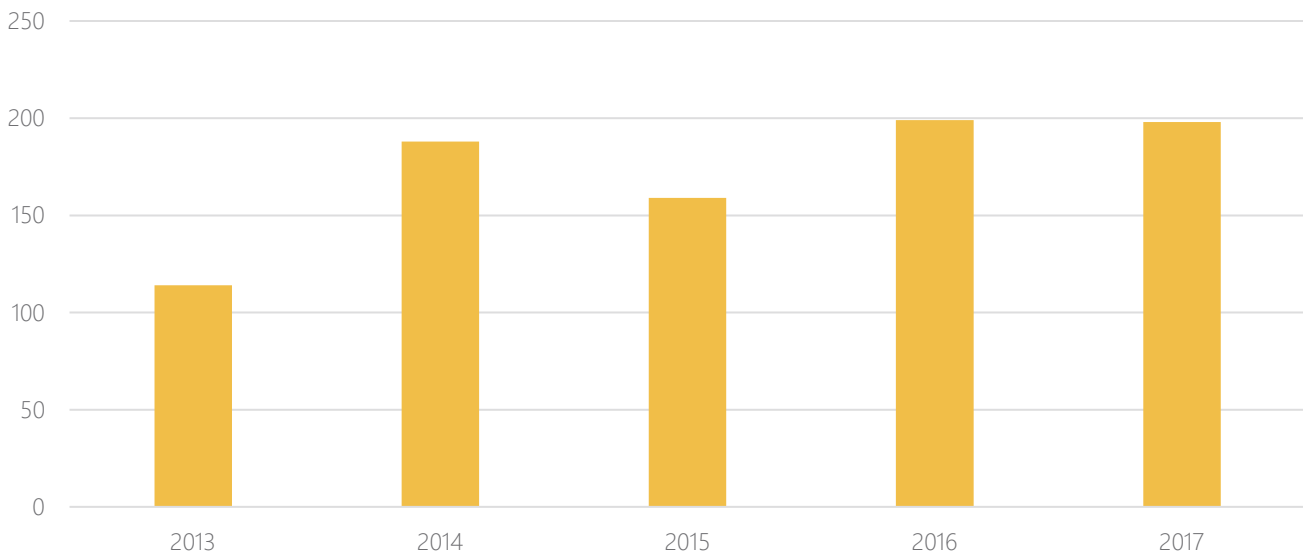
However, the procurement methods that are to be used for these do remain similar to those used in the pre-reform period, with extensive use of frameworks and OJEU contracts. Maintenance and renewal programmes will also continue to be procured through the Asset Delivery Model currently in place. We have been made aware that this



area is likely to undergo changes in coming years and will therefore constitute a focus of future waves of the evaluation research.

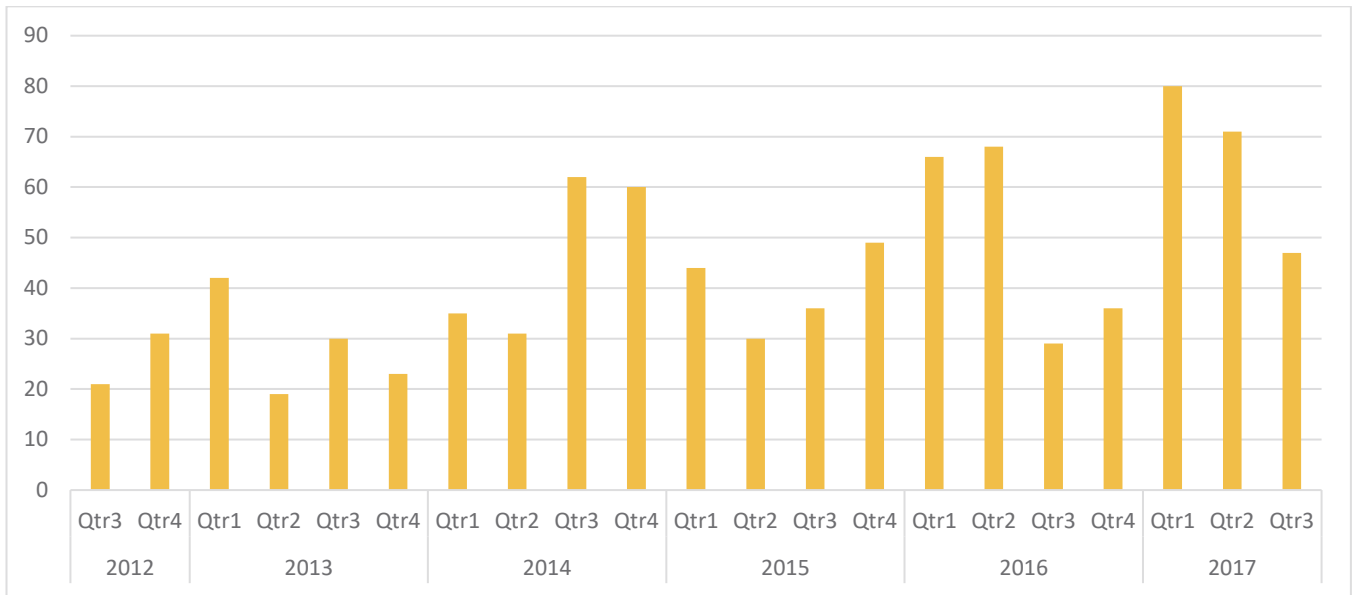
Our review of the monitoring information supplied by HE<sup>17</sup> confirms that there is no substantial change in procurement and tendering with respect to the average length of contract or size, with the exception of the CDF framework contract launched in late 2014, which was greater in size than contracts put in place before or since (see charts below). From our initial analysis we were not able to establish a change in the pattern of the time of year that the majority of contracts get signed (Figure 4.6). The analysis of contracting data indicated that there was an increase in number of contractors in 2014, a dip in 2015 and a further increase in 2016 that remained stable in 2017 (Figure 4.5). Figure 4.6 shows that in terms of contracts signed, there was a significant increase in 2014, especially Q3 and 4 but otherwise the seasonality pattern varies year on year. The total size of contracts is heavily skewed by the CDF launch in Q4 of 2014.

**Figure 4.5: Number of Highways England's contractors incl. Frameworks Contracts**

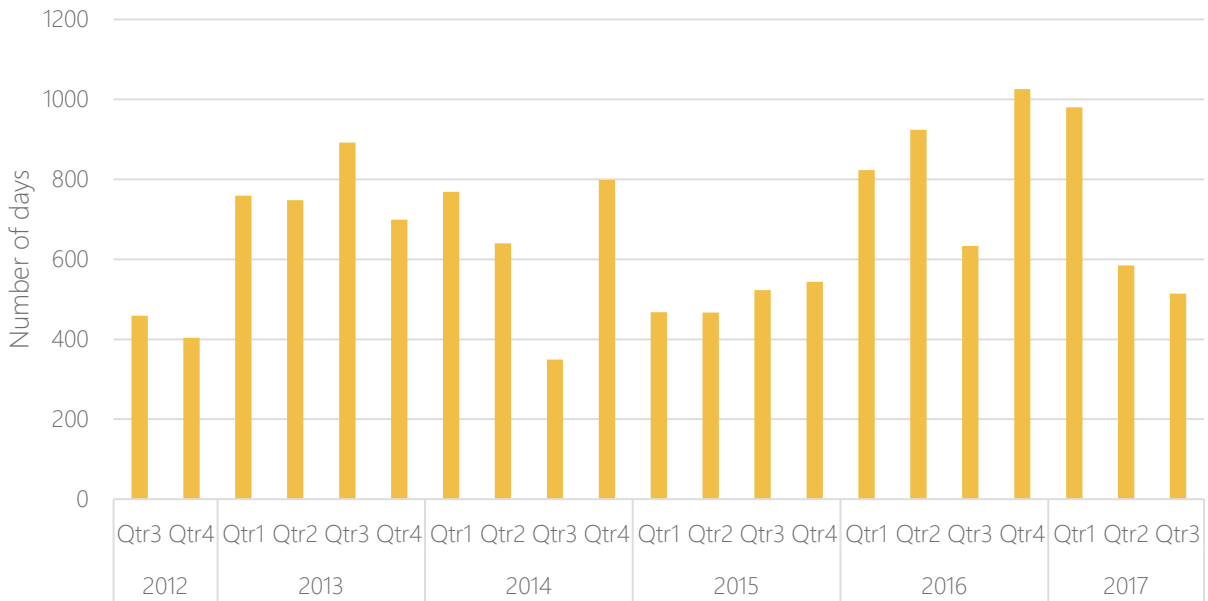


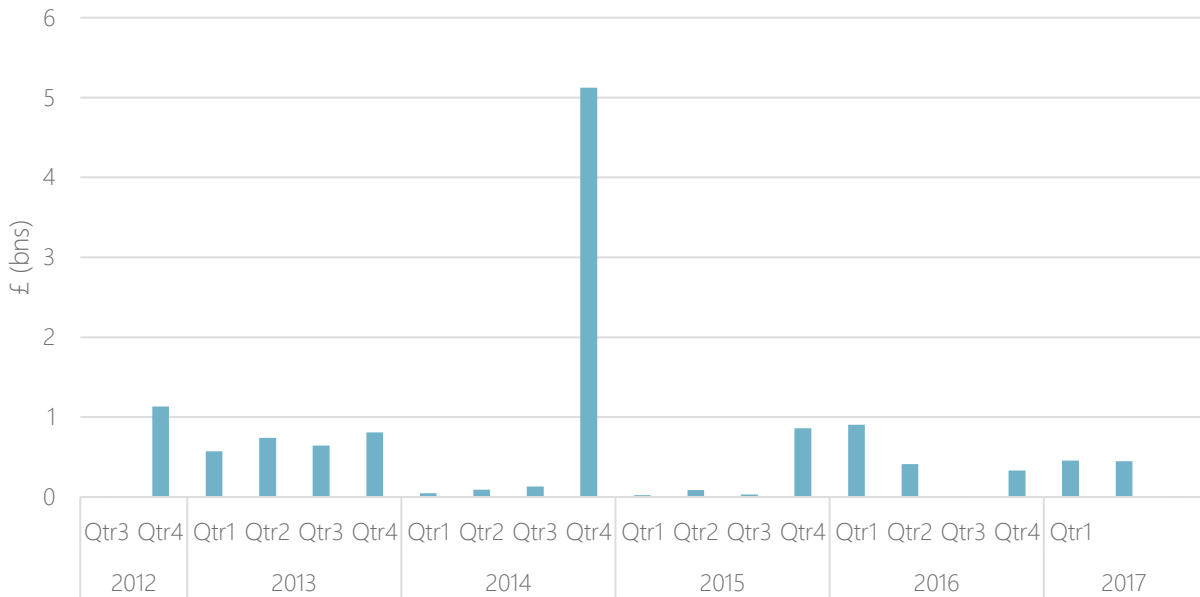
<sup>17</sup> The procurement data was supplied to the evaluation team on 26<sup>th</sup> of September 2017 and contained a list of all contractors under specific contracts signed between the third quarter 2012 through to the third quarter of 2017.

**Figure 4.6: Number of contracts signed**



**Figure 4.7: Average length of contracts (in days)**



**Figure 4.8: Total size of contracts**

Source: *Highways England Procurement Data, 2017*<sup>18</sup>

External stakeholders remain interested in the outcome of this new route to market approach but are also wary that it represents yet more change, whereas a period of embedding steady relationships between the supply chain and Highways England may be beneficial. At this early stage, it is clear that substantial change in procurement methods has not been fully implemented. This view is supported by stakeholders who saw procurement changes as very much “in progress” but expressed confidence in future changes having an impact.

*“Work we are doing now to put in place new contracts to replace the CDF will be more effective allowing us to deliver more innovation and other efficiencies.” Internal Stakeholder*

Stakeholder evidence also suggests that HA historically and Highways England subsequently have both been seen as organisations with a potential to engage suppliers to promote innovation, an opportunity made possible by being a substantial customer for their supplier base – both in terms of size of its investment programmes and frequency with which it commissions work. For Highways England’s last year of work, this is supported by findings from the supplier survey, in which 78 percent of respondents agreed that Highways England encourages innovation in the supply chain.

*“[HE] seen as a best practice client, purely through the result of the scale of its investment programme.... it’s learning the lessons that some more periodic clients wouldn’t have learnt,” Internal Stakeholder*

There does, however, appear to be a challenge in relation to network maintenance, with one external stakeholder describing some confusion between the supply chain and Highways England as to what each other are going to do. Another external stakeholder also highlighted maintenance projects as particularly troublesome given the pre-reform change to an asset delivery model across a number of its operational areas. It seems that there is not

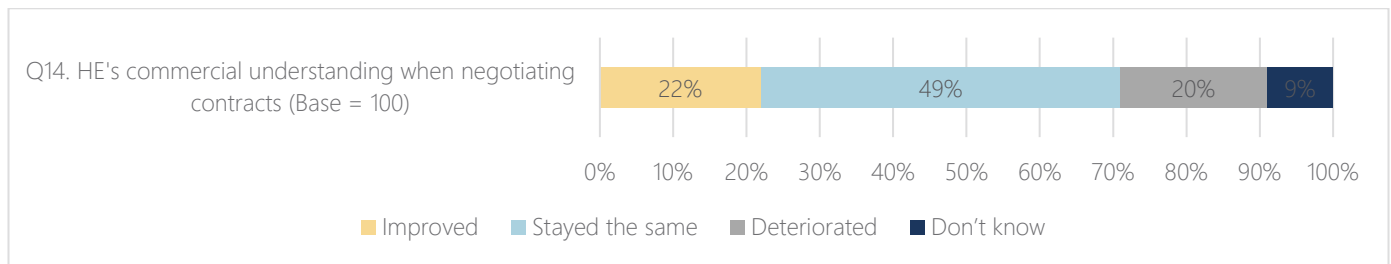
<sup>18</sup> Note: excludes contracts without end date and counts each contract (or lot of a framework contract individually. each framework contract only once but includes various lots as specific contracts.

necessarily a consensus in the industry that this is the best approach, and that it may have been more effective to consult the industry earlier.

4.4.2 Views on effectiveness of the current system

Suppliers expressed relatively positive views regarding Highways England as a 'smart client', with over two thirds of respondents to the survey agreeing with the statement that Highways England personnel demonstrate commercial understanding when negotiating contract to some extent or a great extent. However, when asked about perception of change, nearly half of respondents indicated that it was about the same as in the pre-reform period.

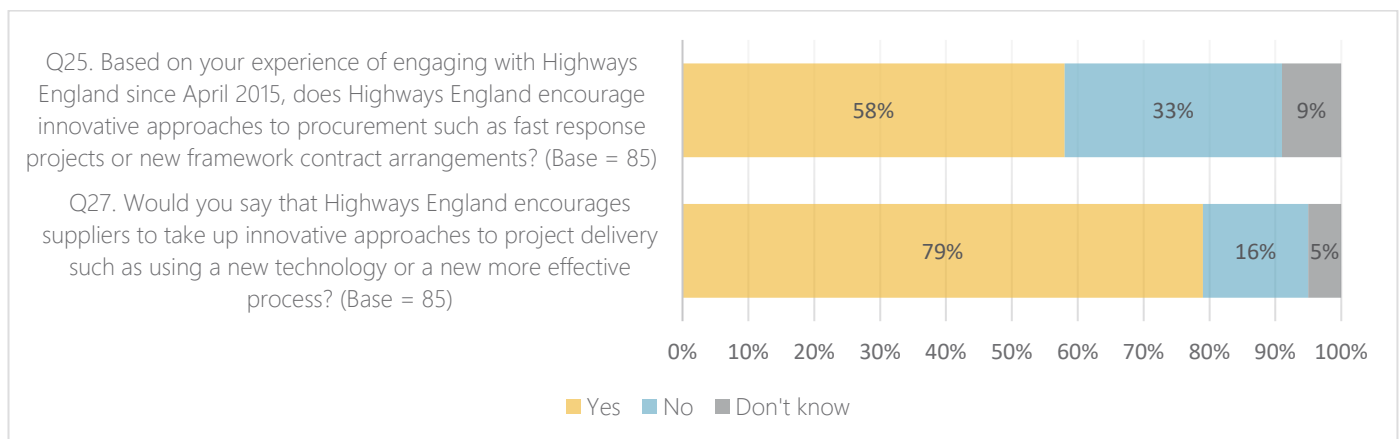
**Figure 4.9: Supplier views on innovation and commercial awareness of HE**

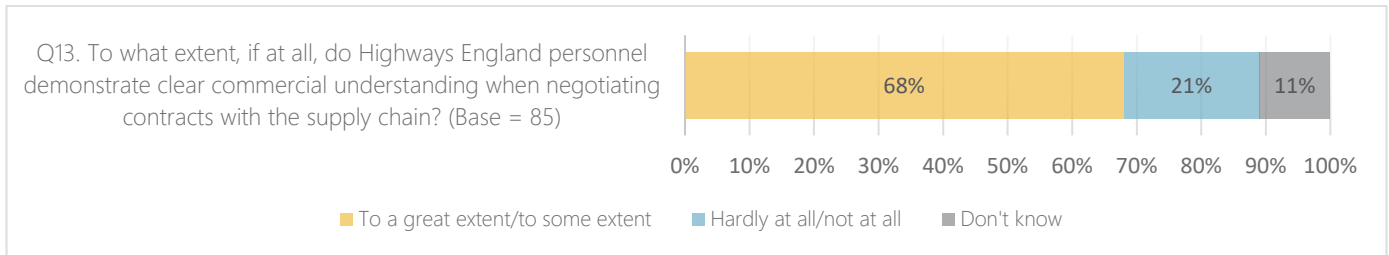


Similarly, 58 percent agree that Highways England encourages innovative approaches to procurement. These points are, however, not fully corroborated by findings from the stakeholder interviews and document review, that significant change has not yet been implemented. One potential explanation may be that many suppliers see Highways England as a *more* capable and innovative client relative to its predecessor, the Highways Agency – but this does not necessarily mean Highways England has reached its optimal levels of capability and innovation.

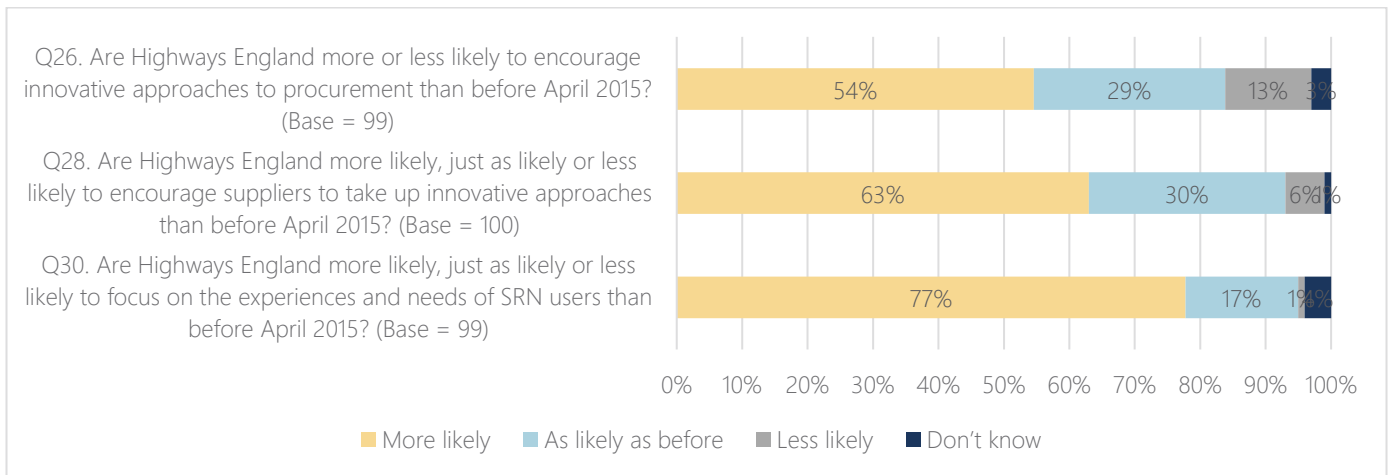
A key issue raised by stakeholders in consultations was the view that Highways England has little visibility of its supply chain below tier one companies and primes. In addition, there was a common view amongst representative bodies that many of these smaller tier two and three firms may have had difficulties adapting to the delays in a number of RIS1 projects.

**Figure 4.10: Supplier views on innovation in procurement and project delivery and commercial awareness of staff**





**Figure 4.11: Supplier perception of change on innovation and commercial awareness of HE**



Source: Supply chain survey 2017

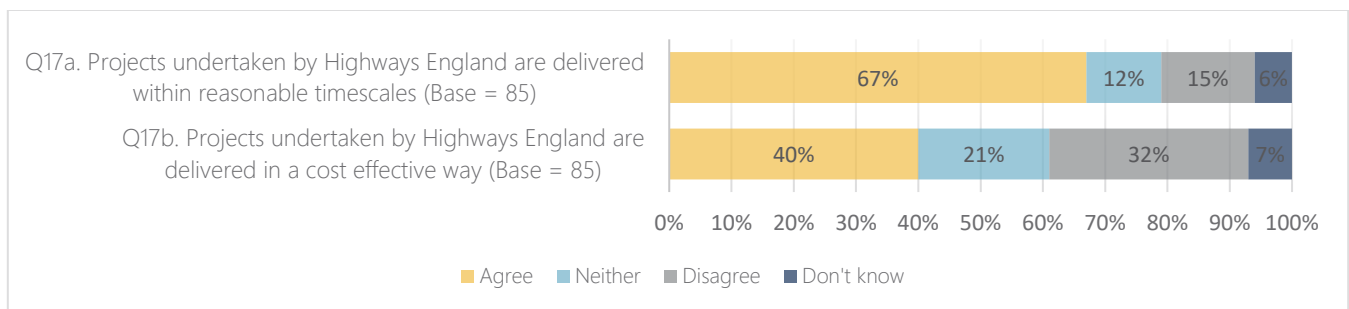
It was also suggested by some external stakeholders that lack of certainty on timescales on specific SRN investment programmes made planning of resources and management of risks more difficult for suppliers. It seems likely that this may just be an issue specific to RIS1 given scale of investment and timescales to deliver them. With longer to plan for RIS2 and to devise the investment programme and timescales, the issues are likely to be resolved for RIS2. However, the supply chain may now be warier about gearing up in expectation of more work in the short term.

Another view put forward by external stakeholders was that the procurement processes pursued by Highways England were good at selecting the most suitable contractors but some steps may have inherent inefficiencies. This was described as “gold plating” by one stakeholder; one example was the use of a secondary procurement exercise for framework contractors, adding unnecessary cost for both Highways England and the suppliers. Another external stakeholder expressed the view that they would like to see Highways England move towards making contracting decisions on the basis of credentials of delivery teams, particularly for long-term contracts (e.g. maintenance contracts for specific areas). An internal stakeholder close to the procurement processes confirmed that at the time of our research, there was a planned move away from CDF. In the meantime, Highways England used the secondary competition instrument. The new system would award contracts based on long term performance instead of on a piece by piece basis. Overall, the stakeholder concluded that the current system was an effective one, selecting suppliers who have experience and capacity to deliver the roads programme, and that Highways England staff have a good understanding of unit costs and the pricing behind individual projects.

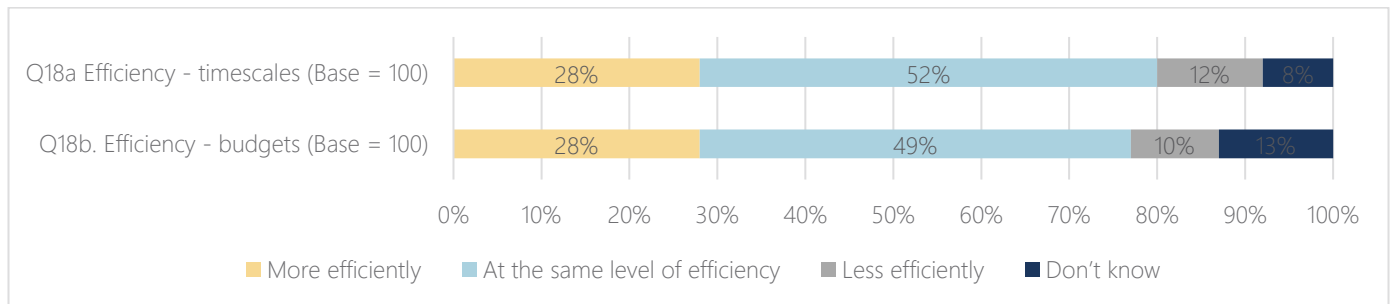
In terms of the financial aspects of project delivery, suppliers appear divided as to whether the delivery of Highways England projects is cost effective. This is in contrast with otherwise relatively positive overall results from the supplier survey. Furthermore, the majority of suppliers indicated that this area has remained the same as pre-

reform; this will be explored further in future waves of the evaluation, particularly through case studies. Suppliers do, however, agree that funding has remained relatively stable (in contradiction to the evidence gathered from external stakeholders). It is unclear what is driving this apparent contradiction, but it may be that supplier representatives are aware of wider challenges or issues experienced directly by only a small number of individual suppliers. Suppliers are also largely in agreement that projects undertaken on the SRN are delivered within reasonable timescales, once delays in getting RIS1 projects off the ground and into construction have been accounted for. Supplier representatives consulted indicated that Highways England is heading in the right direction for incentivising suppliers for effective delivery and that it was difficult to judge cost effectiveness of delivery of RIS1 due to its heavily back-loaded profile.

**Figure 4.12: Supplier views on project delivery: To what extent do you agree or disagree with each of the following statements?**

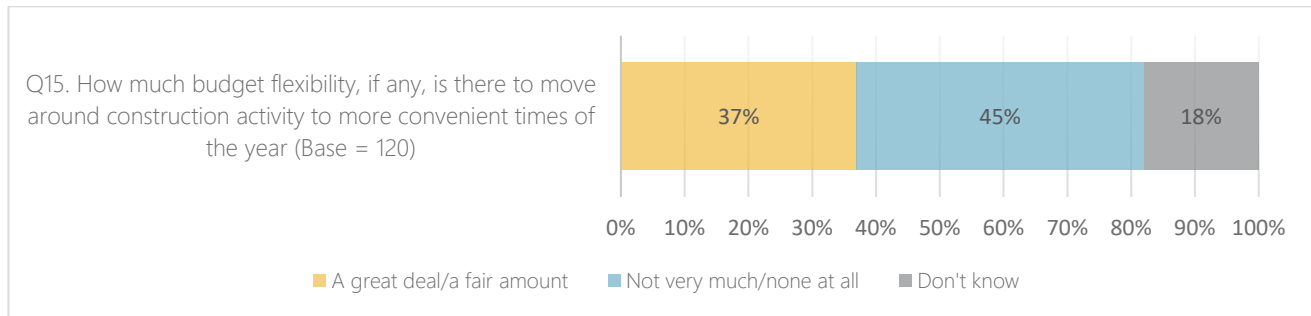


**Figure 4.13: Supplier views on changes in efficiency in project delivery: Comparing the period prior to April 2015 to now, would you say that motorway and trunk road projects (SRN) are delivered more efficiently, just as efficiently or less efficiently when it comes to...?**



In response to our question about the extent of budget flexibility within contracts, 45 percent of respondents stated that there was not a great deal of flexibility, whereas 37 percent stated there was a fair amount. Findings from this question are relatively inconclusive and qualitative evidence suggests that construction suppliers do not see flexibility to move contracting activity around over the year as a major challenge.



**Figure 4.14: Supplier views on budget flexibility**

Source: Supply chain survey 2017

#### 4.4.3 Views on effectiveness of the relationships

Evidence from the stakeholder interviews and supply chain survey suggest that working relationships between Highways England and the supply chain have been relatively positive pre and post reform but there is a tentative indication from the supply chain that, at times, changes in the way in which Highways Agency/Highways England engaged with them could be seen as disruptive. Supplier representatives suggested that the relationships between the supply chain and Highways England may benefit from a period of stability in which both parties can become accustomed to the processes and the long-term working relationships can be established more easily.

One external stakeholder highlighted a change in the dynamics of the relationship, with Highways England becoming more open to advice and conversations. This is supported by evidence from the internal interviews in which Highways England expressed a desire to move towards a more open and collaborative way of working, resembling B2B rather than public agency to business.

#### 4.4.4 Summary

Tendering, contracting and delivery is an area which appears to be in line for more change in the near future. Procurement and the overall strategy for engaging with the supply chain has, however, been a focus of Highways England with some indication that changes are in the process of being made. Not being able to observe any major change may be due to internal efforts that were taking place 'below the surface' and therefore were not observable. The only major change took place in the lead up to the formal reform, in the form of launching the CDF in late 2014. These CDF contracts tended to be larger than other types of contracts both in terms of the number and size.

Overall, suppliers were found to have a positive view of Highways England's practices and engagement. In particular, they express the view that Highways England is delivering when it comes to innovation in procurement and the encouragement of innovative practices in the supply chain as well as demonstrating commercial understanding. There are some concerns though as to the extent of oversight Highways England has with suppliers below tier one contractors and that several of these may have suffered at the hands of delays in RIS1. One potential area for improvement identified by supply chain representatives in our survey is the cost effectiveness of delivery of Highways England's contracts, an area which was reported to have stayed stable since Roads Reform (not realising improvements or deterioration). Consultations also indicate that these firms may face difficulties with what some see to be too onerous procurement processes, such as secondary procurement exercises.

## 4.5 Monitoring and oversight

### 4.5.1 State in wave one of the evaluation

Monitoring and oversight of the planning and management of the SRN within the reformed system is a shared responsibility between all partner organisations. The main changes in the post-reform period were the appointment/creation of an independent Highways Monitor and Watchdog, and the delegation of additional responsibilities from DfT to HE.

**ORR's** role as the Highways Monitor is entirely new. The reform gives the organisation responsibility for monitoring and enforcing the performance and efficiency of Highways England and their management of the Government's investment in the SRN. The role is delivered through its Highways directorate, which is modest in size relative to the organisation as a whole. Within its remit, ORR receives various reports from Highways England on a monthly and quarterly basis outlining their performance on the eight agreed KPIs, takes part in regular meeting to discuss performance, is represented in multiple boards and commissions specific research and studies into Highways England's performance, such as the two supply chain capability reviews. The ORR monitors Highways England's performance and advises Government on their efficient, safe and sustainable delivery of the investment for the benefit of road users and the wider public. One of the key outputs of ORR's work within its acquired role are annual assessments of Highways England's performance (six-monthly assessments are discretionary). Many of the schemes are at a lower stage of development than initially anticipated, and the first five-year strategy period was described as 'tail heavy'. A summary of ORR's assessment is presented in the text box below.

#### Box 4.2: ORR's Annual Assessment of Highways England Performance 2017 (July 2017)

*"Despite facing challenges from record levels of traffic on the network, Highways England has performed well, and largely met its requirements"*

The latest assessment, published in July 2017 and covering the period from April 2016 to March 2017, identifies four key messages that, on the whole, praise Highways England's recent performance whilst acknowledging that there is still room for improvement. The key four messages from the report were:

1. **Highways England's performance remains good across a range of measures.** Highways England has comprehensive plans for health and safety that are contributing toward the SRN having **lower casualty rates** when compared to other roads in England or to international road networks. **Efficiencies are also being realised** and were more than were targeted at this stage whilst the rate of major improvement commencement continues to **ramp up**.
2. **Highways England has improved its planning of major improvements.** Highways England has reviewed the way in which it will deliver capital investments over the remainder of the road period and into the beginning of the next with **re-allocation of schemes** between the two periods being considered through the formal change control process. The report finds that Highways England **has improved the manner in which they engage** with this process but continued focus and on the **need for change and rigour of evidence** forming the basis of the change required.

3. However, **Highways England has missed its targets on road user satisfaction (90%) and network condition (95%)**. The Monitor finds that Highways England has demonstrated commitment to improving user satisfaction in the coming year and is now taking appropriate action to address the network condition following a **formal letter from the Monitor** to Highways England in January 2017.

4. **Highways England has further work to do to improve its asset management**. It must demonstrate that it is efficiently planning and delivering the right maintenance and renewals work to keep its network in good condition.

The **DfT** internal processes for approval and monitoring have been largely delegated to Highways England, except for specific cases such as contentious projects and those projects exceeding £500m, which are still approved and monitored by the Board Investment and Commercial Committee (BICC) panel at the DfT. During wave one of the evaluation, DfT has also introduced a new monitoring process, reviewing Highways England's capability to undertake VfM assessments on their schemes.

**Highways England** grew its monitoring function in response to requests and in collaboration with ORR (this was on top of its pre-existing limited monitoring activities, which mainly formed part of good practice project management processes). Highways England has continued to work closely with ORR which developed the monitoring framework and the two organisations strengthened their relationship<sup>19</sup>. Highways England submits to ORR all appropriate data, when requested, to help them produce regular reports on Highways England's performance. The monitoring system has been set up by Highways England, but ORR commented on specific PIs and metrics used (within the eight main KPIs mentioned above). Highways England's internal monitoring includes:

- Performance on Road Safety through figures provided in the Road Safety Results for the SRN and Great Britain which are validated on an annual basis by the Office for National Statistics and published by the Department for Transport.
- Quality of written communication with road users through metrics based on corporate communication standards
- Condition of the carriageway to check that it was in good condition, including investigations where inspections showed this was necessary
- Progress with Highways England's renewals and maintenance programme

In January 2016, Highways England published its Operational Metrics Manual (OMM) which provides definitions for the measures identified in the DfT's performance specification as laid out in RIS1 (see the text box below for a summary description). While most KPIs in the OMM are specifically defined, the area of 'achieving real efficiency' specified a target of cost savings on capital spending of at least £1.212 billion, but the framework for how efficiency would be reported and monitored was still being developed (NB: The evaluation team was provided with a copy of an "Efficiency and Inflation Monitoring Manual" dated September 2015, but it is not clear whether this has been updated since.). The NAO reported in [Progress with the Road Investment Strategy](#) that Highways England and ORR have made "good progress" on the identification, measurement and assurance of efficiency savings, inter alia by

<sup>19</sup> Emphasized in section 5 of Highways England's Annual Report and Accounts 2016 to 2017

establishing clearer baselines, allocating efficiency targets to individual projects, and identifying a range of sources of potential efficiency. While this points to a certain culture change (and we note that other developments, such as the organisational development and introduction of regional efficiency managers, were also designed to assist this change), our interviews suggest that awareness of efficiency monitoring processes and their recognition among relevant parts of Highways England is localised within specific units. This could be partly due to the somewhat inaccessible nature of the OMM, which was conceived as a “living document”, and might benefit from a review, and/or further guidance to ‘bring it to life’ for potential users.

#### Box 4.3: Highways England’s Operational Monitoring Manual

This document consists of a series of technical notes, and sets out the parameters for measuring and monitoring performance against the eight KPIs. It also defines and gives a performance framework for the supporting performance indicators both in terms of providing clarity on SRN performance as well as the improvement of existing and development of new measures for future road periods. The OMM sets out some of the roles and responsibilities that will be required to allow Highways England to report on its performance to ORR. Whilst the OMM is owned by Highways England, it has been produced in collaboration with the DfT and the ORR. The OMM has been through a series of iterations involving the ORR, DfT and internal Highways England specialists to create a document that provides a basis for a common understanding as to how Highways England will report against its delivery of the Performance Specification (set out by the DfT).

The performance measures are made up of a number of Key Performance Indicators (KPIs), supported by Performance Indicators (PIs) which give additional information on Highways England’s performance. Some PIs are identified in the Performance Specification, whilst others have been identified and developed by HE. The Performance Specification also sets certain requirements; these may be for Highways England to develop a strategy or a new, more effective metric, or gather information on an issue.

**Transport Focus**, the road user watchdog, contributes to the ways in which Highways England measures and responds to their customers’ satisfaction levels. The NRUSS (soon to be replaced by the SRUS) survey described in the sections above feeds into the monitoring reports and is used by ORR as the main measure of user satisfaction.

As a result of this shared responsibility, there is some evidence of cross-organisational learning. Examples mentioned during qualitative research included learning of the DfT client team from ORR monitoring approaches, and Highways England learning from the DfT economics team. Furthermore, the Monitor’s Highways Directorate has held internal discussions with other parts of the organisation to learn from monitoring practices from the rail sector and Highways England indicated that their colleagues led learning sessions for ORR to provide sector specific expertise.

#### 4.5.2 Views on effectiveness of the current system

Having a shared responsibility for providing specific monitoring information, in combination with a dedicated monitor that reports on the performance of Highways England, is seen as an effective *modus operandi*. However – perhaps inevitably – there is scope for tensions where new performance monitoring requirements arise.

Much of the change in monitoring and oversight relates to the working relationships between the organisations involved. Regarding Highways England's own internal monitoring function, drawing on the stakeholder interviews conducted in wave one, the evaluation found that some material concerns were raised immediately after Highways England was established. A review at this point revealed the lack of economists in Highways England and the resulting lack of ability to robustly assess VfM of the projects being delivered in the interim and ex post. However, over the two years that followed, the situation has improved materially – both in terms of the culture and the capability of staff involved in monitoring within HE. DfT has conducted six monthly reviews and tracked this progress through the use of a specific competency matrix. The monitoring function within Highways England has also grown – both in terms of staff numbers and responsibilities – in response to discussions with ORR. One notable area is monitoring of efficiencies achieved within each Highways England project and aggregating them on the data through a network of regional efficiency monitoring officers.

ORR is found by all stakeholders consulted in wave one of the evaluation to be broadly effective in its monitoring role. However, consultations revealed that as roads were an entirely new area for the organisation, there was a certain amount of learning and interpretation to be done, in order to understand which practices were transferable from their continued work in the rail sector. ORR sees their capacity to analyse and benchmark Highways England's performance to have evolved as originally planned; its Highways directorate reportedly drew heavily on and worked closely with their rail colleagues to identify best practices. For example, ORR's Road economics team engaged with asset management experts in rail in order to draw on their expertise in as many areas as possible. ORR plans to do more as their role develops, which may include further benchmarking of Highways England, for example against Network Rail. While monitoring was said to work well for major and small projects, those projects that exceed value of £500m DfT reinstated more direct involvement and scrutiny. There is a tiered system in place for different levels of approval which is seen by all involved partner organisations to be an effective arrangement for monitoring, approval and oversight.

The performance specification providing the guiding framework for ORR's monitoring of Highways England's performance was set in discussions between ORR, DfT and Highways England, and ultimately approved by the DfT. These are seen as broadly sensible but it has been acknowledged that the volume of measures and targets is high, and that the effectiveness of ORR depends on the support from Highways England which provides the bulk of the data. This has been subject to delays on certain occasions, which was highlighted as a concern.

Nevertheless, ORR indicated both in interviews and through the monitoring reports that there has been a significant improvement in the transparency of Highways England's operations, driven by a change of behaviour of its employees. As one would expect (due to the level of maturity as a new company and new processes being developed and established), this change was gradual, and at times required Highways England employees to step outside their comfort zone.

*"Highways England found out that network condition was lower than they thought, ...a detailed investigation which improved [HE's] knowledge and we [HE and ORR] have worked closely to improve robustness of this. This is an example of good collaboration and improved reporting as a result." Internal Stakeholder*

The monitoring processes in place provide ORR with an ability to escalate any major issues in Highways England's performance and should the escalation not be acted upon; ORR can enforce action on underperformance through issuing fines or improvement notices. While issues are escalated and de-escalated after discussions at regular meetings between Highways England and ORR (and tracked through 'escalation sheet'), the enforcement policy has

not yet been used. On one occasion its use was discussed but both parties agreed it was not appropriate to issue a formal improvement notice. ORR saw this as a proof of the effectiveness of the process.

*"In the case of the pavement condition target, we considered using penalties, but after discussions with Highways England we did not need to... it's a great process in place, we did not need to escalate as the process worked." Internal Stakeholder*

Individual interviewees also referred to some other perceived shortcomings in the monitoring and oversight system, which may be worth exploring/substantiating further:

- Reportedly, not enough weight is given to the different sources of monitoring information, including the Post Opening Project Evaluation (POPE) studies – seen predominantly as a tick box exercise – although some of these studies report lower than expected performance in relation to economic benefits achieved and environmental impacts caused.
- It may be that the KPI to monitor network condition monitoring (which currently only considers lane 1 of the motorway or trunk road) is not ideally suited to reflect the actual condition and progress made.
- The Monitor's role is understood by stakeholders of the SRN however its profile as ORR has scope for improvement to raise broader public awareness.

#### 4.5.3 Perspectives on relationships relating to monitoring and oversight

Some of the organisations (HE and DfT) had pre-existing relationships which had to undergo changes due to the reform, whereas others had to form entirely new ones (Highways England, Transport Focus and ORR). Perhaps unsurprisingly, stakeholders involved in these relationships indicated that developing new ones and forming them to the desired shape appeared to be easier than reforming existing relationships.

In general, our interviews with representatives of all four organisations suggest there is a good understanding of roles and a good working relationship at the most senior level - each of the organisations supports and values the efforts of their counterparts. This is substantiated by claims from within the partnership of the organisations learning one from another. Examples include learning between Highways England and DfT in calculating VfM and learning between Highways England and Transport Focus in customer insights. Our consultations have however revealed the following shortcomings in the relationships:

- Highways England would prefer to see a less interventionist approach from the DfT, which reportedly struggles at times with the envisaged arms-length relationship.
- There appear to be some tensions at lower levels of seniority between Highways England and ORR, when it comes to how monitoring data requests are being dealt with in practice when individual teams are collecting information to be fed into the monitoring reports.

ORR self-evaluated its work as being a robust monitoring effort which inevitably results in some resistance from the organisation that is being monitored, but that the two organisations managed to work out any challenges through negotiation and mediation.



Our interviews with external stakeholders did not provide much insight into how well the monitoring arrangements are working, as only a few of them had full awareness of ORR's work. Those who did have this insight, saw ORR's role primarily in terms of highlighting performance of certain schemes to influencing decisions and encouraging Highways England to take action.

#### 4.5.4 Summary

Monitoring and oversight of the planning and management of the SRN within the reformed system is a shared responsibility between all partner organisations. The main changes in the post-reform period were the appointment/creation of an independent Highways Monitor and Watchdog, and the delegation of additional responsibilities from DfT to HE. ORR and Highways England have both developed internal capabilities in response to newly acquired remits.

In this area, the new arrangements appear to be working quite effectively. ORR produces relevant assessments of Highways England's performance at regular intervals, and its relationship with Highways England seems to have reached a stage where there is the 'right' amount of tension. The relationship between the DfT and Highways England is also mostly constructive, although there are times when, reportedly, the former still struggles with the envisaged 'arms-length' relationship. This comment related to handover of responsibility from the DfT as part of establishment of Highways England as a government-owned company.

## 4.6 Impact evaluation measures

Section 4.1 of the evaluation framework outlines a description of the outcomes and impacts of the Roads Reform in line with the bespoke Theory of Change. It also identified relevant key evaluation measures which are re-visited in this section of the report.

The evaluation framework clearly stated that impacts as such would only become systematically observable during the later years of the evaluation. Nonetheless, the table below outlines the evaluation measures of concern and presents the summary of the available information for each element of the Theory of Change (where available) regarding the situation in wave one. In subsequent years, these measures will be updated where appropriate.

## Summary of key evaluation measures

	Measure state in wave one	ToC Level
Inputs	<p><b>Staff time, and spending (if any) with third parties</b></p> <p>With regard to the inputs presented in the theory of change, it is evident that increases in the number of personnel required within various organisations affected by the reform have been filled. In particular, the research function within TF has been increased in size to accommodate the broadening of their remit from representing just coach passengers, to road users traveling on the SRN more generally. Specific examples of growth within Highways England include the Customer Insight team (which increased from one to six FTEs) and the team involved in analyses and assurance procedures (that grew from 12 to 62 FTEs). Box 2.1 in section 2 of this report details the inputs (including staff time) further; however, these would largely have to be considered one off costs of RIS1 development, with the costs for RIS2 likely to vary.</p>	Inputs
Better use of insight	<p><b>Tracking of results of ad hoc research and user satisfaction survey taken into consideration in prioritisation, planning and delivery of RIS1</b></p> <p>As part of the reform, certain responsibilities for generation of research and insight have shifted from Highways England to TF. This has resulted in substantial increase of research and insight produced by TF, with 70 documents relating to roads published on their website, of which 19 would be considered reports on research findings.</p> <p>As part of Highways England's recognition of the importance of understanding its customers, Highways England has also produced a significant amount of research for internal consumption and support of corporate decision making.<sup>20</sup></p> <p>While ORR recognised changes made by Highways England in response to specific research outputs, we have not been able to systematically and accurately assess the effectiveness with which newly generated research and insight is being used by the various relevant parties to inform decisions, primarily because of a lack of communication from organisations on how it has been used. Section 4.1 outlines the current position in wave one with respect to the gathering and use of insight in more detail.</p>	Intermediate Outcomes
Improved clarity & certainty of funding	<p><b>Records of communications issued by Highways England briefing on funding availability</b></p> <p>HE communicates with their supply chain via a supply chain portal to which the evaluation team gained temporary access. Furthermore, Highways England holds regular meetings with the engagement council representing different supplier groups.</p> <p><b>Supply chain confidence about the availability of future funding</b></p> <p>Suppliers responding in the supply chain survey reported a high level of awareness of the RIS, with 85 percent aware of its existence prior to the interview. It also appears that suppliers are more confident about the availability of funding, with 59 percent of suppliers indicating increased confidence highlighting the greater visibility of future pipeline of work as a key factor.</p> <p>There is also a clear perception that funding stability has improved and that the RIS has contributed to this. Over 60 percent of suppliers in the supply chain survey confirmed</p>	Intermediate Outcomes

<sup>20</sup> The study team requested further information on the requests and research projects from Highways England but these weren't received in this wave of the research. The study team will work closely with Highways England to obtain more accurate information in future years of the evaluation.

the link between stability and the RIS and also indicated the expectation that funding will increase further in the future.

#### **Use of pay band flexibilities for new recruitment / Performance pay awards**

HMT provided Highways England with the flexibility known as 'specialist pay' to pay in excess of the established pay band maxima, in order to set pay at the appropriate market rate. This is intended to secure talent for the fulfilment of roles that command skills that are specialist in nature, scarce or difficult to recruit.

Highways England has approved 'Specialist Pay' for a total of 13 unique roles to date, covering 77 current employees and a total of 15 not yet approved roles that have been brought in front of the Reward and Resourcing Executive (RRE)<sup>21</sup> in the first three quarters of the current financial year. Of these 15, seven were approved. A report on attracting and retaining talent in the infrastructure group was produced by Highways England for DfT in January 2017, with a further review due to be completed by March 2018.

#### **Supply chain perspectives on their relationship with HE**

In general, suppliers included in the supply chain survey reflect positively on their relationships with HE. When asked about the extent to which Highways England demonstrate clear commercial understanding when negotiating contracts, 68 percent of respondents agreed to a some or a great extent whilst almost 80 percent (79 percent) agreed that Highways England encourage suppliers to take up innovative approaches to delivery. Fifty-eight percent also felt that Highways England encourage innovative approaches to procurement.

Supplier representatives largely agree that funding has become more stable and that relationships are generally positive, however there are some areas from which improvements can be realised. These centre on the communication from Highways England as to project development and the lack of awareness of tier two and three companies on the part of HE. It was also suggested by some external stakeholders that the lack of certainty on timescales of specific SRN investment programmes made planning of resources and management of risks more difficult for suppliers. However, it is currently unclear as to what effect this may have in subsequent road periods.

In terms of financial performance, suppliers are divided with 40 percent in the survey agreeing that projects are delivered in a cost effective manner, compared to 32 percent who disagree. However, the majority (49 percent) of suppliers answering this question indicated that this area has remained the same as pre-reform, while nearly a third (28 percent) have noticed an improvement.

Over two-thirds do agree that projects are delivered in reasonable timescales.

More  
commercial  
culture and  
approach to  
management  
of the SRN

Intermediate  
Outcomes

<sup>21</sup> All senior posts and any out-of-process pay cases, along with all cases for the application of specialist pay come to this group for sign-off, before any action can be taken. In addition, any roles approved by the Resourcing Sub Group (RSG)

<p><b>More productive relationships across the system</b></p>	<p><b>Stakeholder perspectives on the values held by other SRN organisations / communications with other SRN organisations / joint working with other SRN organisations</b></p> <p>In general, it appears that new relationships have been easier to build than the reforming of existing ones. However, there is a general understanding between senior figures as to what each organisations role is and that the working relationships are good, albeit still developing.</p> <p>In particular, there is evidence that relationships at lower levels of seniority in Highways England and ORR can exhibit more tension when it comes to compiling data for and dealing with monitoring requests.</p> <p>Lack of communication on how newly generated research is being used has a potential to negatively influence relationships and de-motivate those who produce research and insight for improved decisions about the SRN.</p> <p><b>Assessment of duplication in roles and core competencies between organisations</b></p> <p>There appears to be some duplication in generation of research and insight by Transport Focus and Highways England; however there is no evidence of direct overlap.</p>	<p><b>Intermediate Outcomes</b></p>
<p><b>Improved prioritisation of projects</b></p>	<p><b>Evidence of strengthening processes for assessing VfM in DfT assessment of HE</b></p> <p>The size of Highways England analytical team has expanded to meet the need for new responsibilities in VfM assessment and assurance analyses and the DfT's assessment of their analytical capability has continued to improve. However, early delays in recruiting the required number have meant that some doubts remain as to the extent to which the team will be able to complete the required analysis of upcoming future projects, given the ramp up in the number due for construction towards the end of this road period.</p> <p><b>Improving quality of business cases presented to DfT – stakeholder assessment</b></p> <p>More detail on the quality of businesses cases presented to the DfT will become clear as RIS2 draws closer.</p>	<p><b>Outcomes</b></p>
<p><b>Better planned and managed projects</b></p>	<p><b>Supply chain perspectives on project management arrangements</b></p> <p>Suppliers express the view that projects are managed to reasonable timescales but not necessarily in the most cost effective manner. Some suppliers also seek more communication on project delivery and the development of future projects.</p> <p>In the supply chain survey, 79 percent of respondents agree that Highways England encourage innovative approaches to delivery.</p> <p><b>Volume of winter works / Assessment of project phasing</b></p> <p>It has not been possible to assess the volume of winter works or project phasing to date.</p>	<p><b>Outcomes</b></p>
<p><b>Improved performance of the SRN</b></p>	<p>Measures for this area are catered for by the ORR in their annual assessment of HE' performance, the latest of which is from July 2017. Summary of Monitor's findings are:</p> <p><b>Lane kilometres resurfaced:</b></p> <p>The 2017 annual assessment outlined that in 2016/17 Highways England resurfaced 2,234km of lanes, exceeding its target by more than 1,000km. Furthermore, the annual</p>	<p><b>Impacts</b></p>

report also identified several projects that have used resurfacing to mitigate noise important areas. To date 113 noise important areas have been mitigated as such with another 84 forecast.

**Additional capacity added to the SRN:**

Major projects funded within RIS1 are expanding the SRN and likely to result in additional capacity of traffic flows that it can cope with. In the latest annual report, Highways England stated that three new smart motorway schemes on the M1 and M6 opened up an additional 90 miles of lane capacity to reduce congestion, and mentioned notable widening schemes on A453 and A14 Kettering bypass. The annual assessment of Highways England's performance only specifically mentioned additional capacity in the case study on the A21 Tonbridge to Pembury scheme.

**Length of network significantly upgraded:**

No information available on this at present.

**The number killed or seriously injured on the SRN:**

The target for killed or seriously injured is 40% reduction by end of 2020. The statistics for 2016 were not available at the time of writing this report however the Annual Assessment of Highways England's Performance by ORR stated that KSIs were expected to show an increase on the previous year's figures.

**The percentage of users who are very of fairly satisfied with the SRN:**

The target of 90 percent satisfaction in the SRN was missed in 2016-17 with the NRUSS reporting 89.1 percent. This is in line with recent years and the RAG status remains amber for this road period.

**The percentage of the SRN available to traffic:**

The KPI of 97 percent lane availability was surpassed in the last financial year with 98.4 percent attained. In addition, the target of 85 percent of motorway incidents cleared within one hour was also surpassed with 85.9 percent cleared under this time.

**Average delay time:**

There is no hard target for this measure, however the average delay was reported as 9.0s, only slightly higher than the last year but RAG remains amber.

**Number of noise improvement areas mitigated:**

To date, RIS1 has delivered 121 noise areas mitigated. With a target of 1,150 to mitigate before 2020 and ORR reporting of uncertainties in future delivery, this remains an area to watch.

**The number of new and upgraded crossings:**

Again, no hard target for this measure but 20 new crossings were installed in 2016/17 and seven upgraded. RAG status remains amber.

**Percentage of pavement assets that do not require further investigation:**

The target of 95 percent of pavement requiring no further investigation was missed by 0.7 percentage points. The figure for the previous year was also amended after updated data was received from Highways England with the target subsequently missed in two periods. The RAG status remains amber but the ORR are confident that

	Highways England have plans in place to address this area following their investigation earlier in 2017.	
More efficient SRN management (set out in Section 4.1.5)	<p><b>Cost savings identified and attributed to Highways England by ORR</b> The ORR report £135m of efficiencies in 2016-17. This brings the total to date in RIS1 to £169m, 14% of the target. The RAG status for this year remains green but the ORR forecast an amber rating for the first road period. In future years, the evaluation expects to explore assumptions and processes behind these reported efficiencies.</p> <p><b>Commentary on first schemes delivered under RIS1 through their POPE</b> At present, there have been no published POPE reports on RIS1 projects reviewed by the study team but this will be re-examined in future reports.</p> <p><b>Reduced cost of SRN per lane mile</b> It is also too early to early to assess changes in the cost of managing the SRN per lane mile.</p>	Impacts



# 5 Key messages and focus of the next wave of research

## 5.1 Key messages

The research conducted during wave one of the evaluation has identified a number of positive developments that confirm the *potential* for the various measures introduced as part of the Roads Reform to contribute to a better managed, more efficient SRN that provides better outcome for road users. Although it is too early to attempt to measure these effects, the evaluation has identified considerable progress in a number of key process areas (including strategic planning, research and insight, and monitoring), facilitated by broadly effective relationships between core stakeholders, that should over time help to generate the desired results and impacts. On the other hand, we recognise that the processes and relationships continue to evolve, and certain areas of Highways England's day-to-day operations have to date experienced only limited change compared to the pre-reform period.

Three areas stand out where the data we collected and analysed during wave one of the evaluation confirms that significant progress has been made:

- The move from the annual planning and budgetary approval process in use pre-reform, to multi-year strategic planning and prioritisation via the RIS, has been universally welcomed. Stakeholders agree with the NAO's assessment that it represents a "significant improvement in the efficient management of the strategic road network", and provides Highways England with the "opportunity to work more effectively and efficiently". While the development of RIS1 was somewhat hampered by the available timeframe, RIS2 is being developed in a much more measured way, drawing on analysis and stakeholder engagement to a large extent.
- The amount of research and insight on user perspectives and requirements that is being produced has increased significantly. This is partly due to the fact that the Watchdog (Transport Focus) has taken on the responsibility for exploring user satisfaction and needs, and is exploring ways in which this can be improved (inter alia via a revised and expanded annual survey). In parallel, Highways England has also significantly enhanced its analytical capabilities, as its resources in the areas of customer insight and analysis have grown exponentially. But while there are some clear examples of how insights gained from research have influenced Highways England decisions, we were not able to systematically track where and how it resulted in changes to strategy or operational working of the company.
- In the field of monitoring and oversight, the new arrangements appear to be working quite effectively. ORR produces relevant assessments of Highways England's performance at regular intervals, and its relationship with Highways England seems to have reached a stage where there is the 'right' amount of tension. The relationship between the DfT and Highways England is also mostly constructive, although there are times when, reportedly, the former still struggles with the envisaged 'arms-length' relationship.

At the time of conducting this research, change was less evident when it came to the day-to-day 'core business' of Highways England, including the selection and development of options for delivering schemes / projects that have been approved in principle, and the way in which Highways England interacts with its suppliers via tendering,

contracting and delivery of works. Regarding the latter, the majority of suppliers consulted via our survey have a positive perception of Highways England processes, but as changes to procurement and tendering processes were on the horizon, their effectiveness will be explored in future waves of the evaluation.

As noted above, it is too early to attempt to systematically assess longer-term impacts. ORR found that Highways England has so far failed to meet its targets for user satisfaction and network condition, but acknowledged that steps with the potential to contribute to progress on both of these have been taken. The focus of the evaluation in future years will gradually shift towards measuring results, and ascertaining the extent to which Roads Reform was responsible for bringing these about. Recognising that SRN performance is a complex phenomenon that is dependent on a number of factors, we in future waves of the report will explore the contribution of Roads Reform in respect to any external factors that may have affected SRN performance either positively or negatively. These external factors are explored further in the annex.

## 5.2 Areas of focus for in the next wave of research

As stated at the outset of this section, the evaluation runs from 2016 until 2021. Over this period, its focus is to gradually shift from observing changes to processes and relationships between the actors, to measuring the ultimate intended effects.

Pending the results of the re-scoping, the first wave of the research has identified several areas that seem worth exploring in greater detail during wave two, in particular:

- **RIS2:** The process of developing the second Road Investment Strategy (RIS2) is now well under way, and the evaluation should focus on assessing this process (e.g. analysis supporting scheme selection for RIS2), including the extent to which improvements have been made relative to RIS1 (e.g. as regards the identification and selection of options), and whether the balance between funding certainty and flexibility appears conducive to achieving the intended results. This area of focus will enable lessons to be learned for the development of RIS3.
- **Tendering, contracting and delivery:** Wave one of the evaluation found only limited evidence of significant changes in these processes, which constitute one of the key areas to realising some of the intended benefits of the reform. Wave two should place a greater emphasis on exploring this area, in particular as regards any evidence of a shift towards a more commercial culture in Highways England.
- **Relationships and the functioning of the reformed “system”:** Ultimately, whether or not the system functions as intended is primarily dependent on the roles played by and the relationships between the key organisations. This will continue to be a key focus for the evaluation; in wave two, we will seek to explore in more depth to what extent the way the relationships have evolved is in line with the original expectations (including how the monitoring and oversight roles are being played in practice, how relevant research and insights are fed in and used to inform decision-making, etc.). As part of this, the evaluation will also explore any duplication of roles or potential for streamlining.

**Kelly Beaver**

Director

[Kelly.Beaver@ipsos.com](mailto:Kelly.Beaver@ipsos.com)

**Martin Kuehnemund**

Director

[Martin.Kuehnemund@ipsos.com](mailto:Martin.Kuehnemund@ipsos.com)

**Andrej Horvath**

Senior Consultant

[Andrej.Horvath@ipsos.com](mailto:Andrej.Horvath@ipsos.com)

**Michelle Boath**

[michelle.boath@risksol.co.uk](mailto:michelle.boath@risksol.co.uk)

**Scott Carter**

Consultant

[Scott.Carter@ipsos.com](mailto:Scott.Carter@ipsos.com)

