Department for Transport

Highways England: Framework Document

Withdrawn October 2026

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1. Introduction

Objectives

1.1 The Department and Highways England share the common objective of delivering a highly performing strategic road network and the best possible service for road users and other stakeholders.

1.2 To achieve this Highways England and the Department will work together in recognition of each others' roles and areas of expertise, providing an effective environment for the Company to achieve its objectives through the promotion of partnership and trust.

This Framework Document

1.3 This Framework Document has been drawn up by the Department for Transport ("the Department") in consultation with Highways England Company Ltd ("Highways England" or "the Company"). It sets out the overall framework within which the Company must operate and how the Secretary of State for Transport (the "Shareholder") and Highways England will interact with each other.

1.4 This Framework Document does not convey any legal powers or responsibilities. It is not a legal or contractual document, but both parties agree to operate within its terms. This Framework Document will be placed in the Libraries of both Houses of Parliament and made available to members of the public on the Department's and Highways England's websites.

1.5 A key principle in developing this Framework Document has been the creation of a framework within which the Company can fulfil its purposes and carry out its functions with appropriate operational independence while at the same time providing the necessary assurance for taxpayers.

1.6 This Framework Document aims to set out how the governance and decision-making responsibilities of the Company, constituted under the Companies Act, are exercised in the context of a public sector body and the responsibilities placed on the Company's Accounting Officer in the *AO letter*.

1.7 The Company's decision-making is within the context of a governance framework that includes areas: (i) common to Government-owned entities and necessary to satisfy Government and Parliamentary budgeting and accountability requirements; (ii) specific to a highway or traffic authority; or (iii) where the Secretary of State has specific objectives or concerns and wishes to retain specific powers.

1.8 This Framework Document will be reviewed periodically by the Department and Highways England in consultation with HM Treasury to

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timescales that dovetail with the normal Road Investment Strategy cycles. However, at any time, either Highways England or the Department may initiate a review of the provisions of this Framework Document should there be a concern that aspects of it, or particular provisions, are wrong, inappropriate or require clarification, or, more generally, if it is considered that the Framework Document as drafted is not facilitating the effective delivery of the Road Investment Strategy or the effective operation of Highways England.

Purpose and Status of Highways England

1.9 Through the Infrastructure Act 2015 and the creation of Highways England the Government changed the way the strategic road network is managed and run, with the aim of creating a world-class strategic road network in England, to give road users the best possible quality of service and supporting broader economic, environmental and safety goals.

1.10 These changes will give the necessary flexibilities for Highways England to deliver efficiency savings, a step change in the scale and speed of investment, greater transparency, a better service to customers and value for money to taxpayers.

1.11 Highways England, a body corporate established on 8 December 2014 by incorporation under the Companies Act 2006 as a company limited by shares, has been appointed as a strategic highways company by the Secretary of State by way of an Order in accordance with section 1 of the Infrastructure Act 2015. It is appointed to that role in respect of all of the highways in England for which the Secretary of State was highway authority at the time of the Order, subject to specific exceptions.

1.12 The effect of this appointment is to confer on Highways England the statutory functions of a strategic highways company as regards the areas and highways in respect of which the Company is appointed, including, among other things, the delivery of the Road Investment Strategy. As a result, the Company will act as highway, street and traffic authority for the strategic road network.

1.13 Highways England is a separate legal entity from the Crown but, for national accounts purposes, is classified to the central government sector. The Annual Accounts of Highways England are consolidated into the Department's Accounts. Highways England is funded from the public purse by grants-in-aid from the Department. The purpose and remit of Highways England is to carry out the functions of a strategic highways company in accordance with its appointment under section 1 of the Infrastructure Act 2015 including the delivery of the requirements of the Road Investment Strategy.

1.14 In fulfilling its duties Highways England must comply with the conditions set out in the Licence and any further directions and guidance issued by the Secretary of State under section 6 of the Infrastructure Act 2015, including the conditions set out in the *Accounting Officer* and *Finance and Reporting* Letters.

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1.15 Highways England will also perform non-core services on behalf of Government under Protocols, as detailed in paragraphs 9.15 to 9.17.

Interpretation and Glossary

1.16 Where in this Framework Document there is a provision for the Secretary of State to give consent, the Secretary of State may give such consent subject to conditions. In giving such consent the Secretary of State will secure any necessary approvals from other parts of Government.

1.17 Unless otherwise stated the terms used in this Framework Document have the meanings below.

“Annual Report and Accounts”	means Highways England's published report and accounts, compiled in accordance with part 15 of the Companies Act.
“Board”	means the Board of Directors of Highways England.
“Chair”	means the Director who is appointed to serve as chair of Highways England's Board by the Secretary of State.
“Client Team”	means the Department's team that manages the Secretary of State’s client and other non-shareholder interests in Highways England on his/her behalf.
“Companies Act”	means the Companies Act 2006.
"Company"	means Highways England Company Limited.
"Contractual Authority"	means the authority to award contracts.
"Copyright"	has the same definition as in the UK Government Licensing Framework for public information.
"Database rights	has the same definition as in the UK Government Licensing Framework for public information.
“Department” and "DfT"	mean the Department for Transport.
“Department Annual Report and Accounts”	means the annual statement of accounts of the Department, the Accounts in which are required to be audited by the National Audit Office.

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"Delivery Plan"	means Highways England's annually updated, medium term plan that sets out the detailed cost baselines and delivery timescales for its operations and against which performance will be monitored.
“Director”	means a director of Highways England.
“e-PIMS”	means the “Electronic Property Information Mapping Service” maintained by the Cabinet Office (or its successor in that role) and includes the electronic mapping of electronic property boundaries on a geographical information system Ordnance Survey map base.
"F&R Letter"	means the Financial and Reporting Letter issued by the Department to Highways England outlining the Company's detailed financial and financial reporting obligations.
"FReM”	means the Government Financial Reporting Manual issued by HM Treasury.
"General Vesting Declaration"	means a general vesting declaration made pursuant to the Compulsory Purchase (Vesting Declarations) Act 1981.
"Highways England”	means Highways England Company Ltd, company number 9346363, whose registered office is at Bridge House, 1 Walnut Tree Close, Guildford, GU1 4LZ.
"Highways Monitor"	means that part of the Office of Rail Regulation that is carrying out the duties of the Monitor under the Infrastructure Act 2015.
"IFRS”	means International Financial Reporting Standards.
"Licence"	means the Secretary of State for Transport statutory directions and guidance to the strategic highways company that came into force on 1 April 2015.
"Operational Metrics Manual"	means the document prepared by Highways England, which sets out how the data relating to the requirements set out in the Road Investment Strategy’s Performance Specification and elsewhere will be gathered, analysed and reported, enabling Highways England’s performance to be monitored.

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"Protocols"	are activities or functions, specified by the Secretary of State, that Highways England will carry out which are not core to Highways England's role as a strategic highways company.
"Ring-Fenced Funds"	have the meaning as given to them in the Road Investment Strategy.
"Road Investment Strategy"	means any Road Investment Strategy set or varied by the Secretary of State under section 3 of the Infrastructure Act 2015.
"Road Period"	means, in relation to a particular Road Investment Strategy, the period to which that strategy relates.
"Secretary of State"	means the Secretary of State for Transport or those acting on his or her behalf.
"Shareholder Appointed Director"	means a Non-Executive Director other than the Chair who is directly appointed by the Secretary of State in line with paragraph 3.6d.
"Shareholder Team"	means the joint Department and Shareholder Executive team that manages the Secretary of State's shareholding in Highways England on his/her behalf.
"Strategic Business Plan"	means the Strategic Business Plan published from time to time by Highways England.
"Transport Focus"	means the organisation established under section 19 of the Railways Act 2005.

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2. Roles and Accountabilities

The Secretary of State

2.1 The Secretary of State is accountable to Parliament for the activities and performance of Highways England. Responsibilities in this regard include those in the following bullets.

- Exercising his or her functions in relation to the strategic road network as set out in the Infrastructure Act 2015, in particular:
    i. publishing a Road Investment Strategy, setting out the Government's long term vision for the strategic road network, the performance specification, the investment plan and the funding available;
    ii. issuing any directions and guidance considered appropriate either located within the Licence or issued subsequently and separately; and
    iii. issuing the approvals of the Strategic Business Plan and Delivery Plan that deliver the Road Investment Strategy.
- Keeping Parliament informed about the performance of Highways England by ensuring that the following are laid before Parliament:
    i. Highways England's Annual Report and Accounts; and
    ii. a report on Highways England's performance against directions and guidance issued by the Secretary of State.
- Ensuring that the financial resources which the Secretary of State has committed to provide during a Road Period are delivered, subject to appropriate controls, and securing such Parliamentary or HM Treasury approvals as may be required.
- Carrying out responsibilities specified in this Framework Document.

2.2 As sole shareholder in Highways England the Secretary of State also has specific shareholding responsibilities that include:

- Holding Highways England's Board to account for its governance of the Company and its performance and ensuring that Highways England is guided and monitored in the public and taxpayer interest;
- Appointing the Chair of Highways England and any Shareholder Appointed Director and approving other appointments of Directors made by the Board;
- If given due cause, removing a member of the Board from their position in accordance with the relevant provisions of the Companies Act 2006 and subject to the terms of their appointment letter; and

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- Approving the remuneration for the Chair, other Board members, Executive Directors that are not on the Board and the remuneration framework for other staff.

The Principal Accounting Officer

2.3 The Permanent Secretary of the Department for Transport is the Principal Accounting Officer (PAO) for the activities of Highways England.

2.4 The PAO designates the Chief Executive as the Accounting Officer for Highways England and ensures that he / she is fully aware of his / her responsibilities. The PAO issues a letter appointing the Accounting Officer, setting out his or her responsibilities and delegated authorities.

2.5 The general responsibilities of a departmental Principal Accounting Officer are set out in chapter 3 of HM Treasury's *Managing Public Money*. The PAO's responsibilities include:

- Ensuring that the Department's wider strategic aims are articulated in the Road Investment Strategy;
- Ensuring that the financial and other management controls applied by the Department to Highways England are appropriate and sufficient to safeguard public funds and for ensuring that Highways England's compliance with those controls is effectively monitored;
- Being satisfied that the internal controls applied by Highways England conform to the requirements of regularity, propriety and good financial management;
- Ensuring that an adequate flow of information is supplied by the Company to the Department on matters of performance, budgeting, control, and risk management;
- Being accountable to Parliament for the issue of any grant-in-aid or other resources provided to Highways England by the Department; and
- Giving evidence to the Public Accounts Committee or the Transport Select Committee on his or her oversight of Highways England's stewardship of public funds as required.

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Highways England's Board

2.6 The Board is accountable collectively to the Secretary of State as shareholder for all aspects of Highways England's activities and performance including the fulfilment of its role and responsibilities as a strategic highways company under the Infrastructure Act 2015 and as set out in the Licence, other statutory directions and guidance and this Framework Document.

2.7 The Board is the primary arm of governance of Highways England, in line with its fiduciary and other duties under company law.

2.8 The role of the Board includes:

- Ensuring that Highways England complies with the Licence and any additional statutory directions issued by the Secretary of State, delivers the Road Investment Strategy and any Protocols and actively contributes to the development of any future Road Investment Strategy;
- Holding the executive to account for the effective and efficient delivery of the Delivery Plan and for the performance of Highways England generally;
- Ensuring the Company has robust risk management, internal controls and assurance processes that adhere to corporate governance best practice;
- Promoting the efficient and effective use of staff and other resources by Highways England;
- Taking into account, in making decisions, any guidance as identified in the Licence or further provided by the Secretary of State; and
- Providing oversight of Board and executive appointments and pay, subject to Secretary of State approval where required.

2.9 Individual Board members should, in particular:

- Comply at all times with the Company's Code of Practice for Board Members (see paragraph 2.11) and with the rules relating to the use of public funds and to conflicts of interest;
- Not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations; and
- Comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments.

2.10 Any Shareholder Appointed Director has the same responsibilities, as a Board member, as other Directors, sharing in the collective responsibilities of the Board and fostering collegiate working relationships with Non-Executive and Executive Board members and colleagues. Without prejudice to, and mindful of, these duties he or she will provide an insight into Government thinking and approach on particular issues affecting Highways England as well as on the Government's wider views and priorities.

The Chair

2.11 The Chair has particular responsibility for leadership of the Board and ensuring its effectiveness including:

- Ensuring Highways England's affairs are conducted openly, transparently and with probity;
- Ensuring that risks are escalated to the Department as appropriate;

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- Ensuring that Highways England does not bring the Secretary of State or Department into disrepute;
- Representing Highways England to the public and stakeholders;
- Ensuring that a Code of Practice for Board Members is in place based on the Cabinet Office publication Code of Conduct for Board Members of Public Bodies; and
- Ensuring that the Board works together effectively.

2.12 The Chair will ensure that the policies and actions of Highways England support the strategic policies and objectives of the Secretary of State and that there is a close and transparent relationship between Highways England and the Department to reflect its status as an arm's length body. Communications between the Board and the Secretary of State shall normally be through the Chair.

The Chief Executive

2.13 The Chief Executive is responsible for the day-to-day operational management of Highways England and the performance of the executive management team and is accountable to the Board for the performance of Highways England.

2.14 The Chief Executive will also be appointed as the Accounting Officer for Highways England.

Highways England's Accounting Officer

2.15 The Accounting Officer (AO) for Highways England is responsible for safeguarding the public funds held by the Company and for ensuring propriety, regularity, value for money and efficiency in the handling and use of public funds.

2.16 As set out in the Accounting Officer letter, he / she will ensure that Highways England is run following the principles, rules, guidance and advice set out in *Managing Public Money* and the supporting guidance on spending controls produced by the Cabinet Office, other than where alternative arrangements are detailed in this Framework Document and Fact Letter or have otherwise been agreed between Government and Highways England.

2.17 In particular the AO must:

- Take action, as set out in the HM Treasury publication *Managing Public Money*, if the Board is contemplating a course of action involving a transaction which the Accounting Officer considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical;
- Give evidence where required to the National Audit Office, the Public Accounts Committee or the Transport Select Committee on his or her oversight of Highways England's stewardship of public funds;

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- Ensure that proper records are kept relating to any financial data for consolidation in the Department Annual Report and Accounts and provide any necessary statement to that effect;
- Produce a statement of Accounting Officer's responsibilities as support to the Department Annual Report and Accounts;
- Sign a governance statement regarding the system of internal control, as support to the Department Annual Report and Accounts; and
- Receive and act in accordance with a budget delegation each year from the Department that is in accordance with the Road Investment Strategy funding and operating within that delegation (see also the F&R Letter).

2.18 For the purposes of Whole of Government Accounts the Accounting Officer is the Consolidation Officer for Highways England and will be personally responsible for complying with the requirements of the Consolidation Officer Memorandum.

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Parliamentary accountability and the role of Ministers

The strategic road network is a critical national asset, which must be operated and managed in the public interest by Highways England.

The overall institutional and governance framework for Highways England applies a strategic control and builds in robust assurance to ensure that value for money standards are met. The framework is the combination of the duties and powers in the Infrastructure Act 2015, the Licence and the Road Investment Strategy, along with other detailed governance documents. This framework works in tandem with the roles of: the Highways Monitor in assessing performance and, if necessary, taking action; and Transport Focus in ensuring that road user views have a central role in all decisions. This framework gives the Company the flexibility to manage the day to day business while ensuring taxpayers and the public interest are protected.

Robust accountability to Parliament and the ability for the Secretary of State to take rapid and effective action, if needed, are both of paramount importance within this overall framework. The Secretary of State is accountable to Parliament for the activities of Highways England and will keep it regularly informed on its performance. This will include laying before Parliament the Company's Annual Report, reports from the Highways Monitor, an annual report from the Secretary of State on overall performance and any other reports the Secretary of State requests.

The Secretary of State will ensure that Highways England's objectives align with the Government's by setting the Road Investment Strategy and approving Highways England's Delivery Plan as well as through the statutory directions and guidance in the Licence. Highways England will ensure that the Secretary of State is kept informed of real time performance and is able to act as necessary. Where there are specific problems then, if necessary, the Secretary of State has the power to issue a statutory direction at any time. The delivery of the effects of any specific directions will be considered by the Highways Monitor and a report to Parliament on the impact will be provided.

As sole shareholder of Highways England, the Secretary of State also determines the administrative arrangements for the Company through the Articles of Association. These Articles, alongside this Framework Document, enshrine the Secretary of State's rights as shareholder to approve new financial arrangements, appoint or ratify and to remove Board members and to make decisions on their remuneration.

Thus, under this overall framework there will be a high degree of transparency and scrutiny and Ministers can be effectively held to account by Parliament.

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3. Governance and Structure

Overview of Governance Framework for Highways England

3.1 The external governance framework for Highways England is set out in the Infrastructure Act 2015 which provides for statutory directions and guidance to be issued by the Secretary of State and establishes a Watchdog (Transport Focus) and a Highways Monitor to ensure that transport users' interests are represented, including performance monitoring and provision for sanctions.

3.2 Highways England is incorporated under the Companies Act. The Company's Articles of Association set out its objects to allow it to act as a strategic highways company and describes the arrangements for its administrative processes.

3.3 The Board is expected to ensure the long term success of Highways England and is responsible to the Secretary of State for doing so. To that end the Board must operate a corporate governance framework in accordance with corporate governance best practice.

3.4 In particular (but without limitation), the Company must comply with the principles and provisions of the *UK Corporate Governance Code*, or specify and explain any non-compliance in its annual report. The Company shall also, as far as it is applicable, comply with the spirit and principles of the *Corporate Governance in Central Government Departments Code of Good Practice*.

3.5 Highways England must comply with *Managing Public Money* and take into account relevant Government guidance including, but not limited to, that listed in Annex A.

Board Appointment and Composition

3.6 The Board must contain a balance in favour of Non-Executive Directors. The expectation is that there will be no more than ten and normally no fewer than five members including those listed below:

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a. A Non-Executive Chair;
b. A Chief Executive;
c. At least one (but not more than two) further Executive Director(s), one of whom should be the Finance Director;
d. Where the Secretary of State wishes to directly appoint a non-Executive Director a "Shareholder Appointed Director"; and
e. Additional Non-Executive Directors.

3.7 The Non-Executive Chair and any Shareholder Appointed Director will be appointed by the Secretary of State following the principles of the *Commissioner for Public Appointments' Code of Practice*.

3.8 The Board will appoint all other Board members following the principles of the *Commissioner for Public Appointments' Code of Practice* and subject to the written approval of the Secretary of State.

3.9 A register of the business interests of the Board must be published on the Highways England website and regularly updated.

Board Committees

3.10 The Board must constitute as a minimum the following committees of the Board:

- Audit and Risk Committee;
- Remuneration Committee; and
- Nominations Committee.

3.11 The Board must ensure that a representative of the Department attends the Remuneration Committee as an observer.

3.12 The chair of the Audit and Risk Committee must be a Non-Executive Board Director with relevant experience.

3.13 Where appointed, the Shareholder Appointed Director must sit on the Remuneration Committee and Audit and Risk Committee.

Role of the Department

3.14 The Department provides advice to Ministers and officials, including the Secretary of State and the PAO, to assist them in carrying out their duties, acting on their behalf as appropriate.

3.15 To keep the functions of shareholder and client separate there are two teams:

- The Shareholder Team, under the Director responsible for Corporate Finance, manages Government's corporate relationship with Highways England; and
- The Client Team, under the Director responsible for Strategic Roads, manages the policy and client relationships with Highways England.

3.16 Together these teams are responsible for liaising with the Company on all aspects of its work and are the first point of contact between Government and the Company.

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3.17 The clear separation of the shareholder from the client function ensures clarity and transparency in decision making as between shareholder, policy, regulation and customer interests. The respective remits of the teams are given in Annex B.

3.18 To ensure that Highways England does not receive conflicting instructions from the Department, the Shareholder and Client Teams will work together to ensure clarity and consistency in respect of Departmental advice, decisions and instructions. The teams will be active in aligning and bringing together the views of Transport Focus and the Highways Monitor to give the overall performance picture.

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4. Staff

4.1 Within the arrangements approved by the Secretary of State, as described in paragraphs 4.3 to 4.14, Highways England has responsibility for the recruitment, retention and management of its staff.

4.2 The broad responsibilities of the Company toward its staff will continue to be that:

- Its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued, where appointment and advancement is based on merit, and discrimination is not tolerated;
- The level and structure of its staffing is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- The performance of its staff at all levels is satisfactorily appraised, employees are clear about what is expected of them and the performance measurement systems are reviewed from time to time;
- Its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the objectives of Highways England;
- Proper consultation with staff takes place on key issues affecting them; and
- Appropriate grievance and disciplinary procedures are in place, whistleblowing procedures are in place consistent with the Public Interest Disclosure Act 1998, and a code of conduct for staff is in place.

Reward and Remuneration

4.3 Highways England's approach to reward and remuneration at all levels should reflect both its role as operator of the nation's strategic road network assets and its responsibility as a steward of taxpayers' money. It should therefore be designed to recruit, attract, develop, retain and motivate suitably skilled staff, taking into consideration value for the taxpayer as well as commercial efficiency and market conditions. It must also take into account general guidance from the Department, HM Treasury and the Cabinet Office in relation to staff remuneration and meet the requirements of the Department's pay strategy for its arm's length bodies. Decisions on remuneration should be consistent with the Government's approach to remuneration in the public sector, subject to any flexibility that has been negotiated for Highways England.

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4.4 Highways England must provide the management information required for the Department's pay and reward database as set out in the Department's pay strategy for arm's length bodies.

4.5 The Board may give the Remuneration Committee responsibility for performing the functions of the Company relating to the remuneration of other staff, details of which should be made available to the Department.

4.6 Remuneration and reward arrangements for all Board members and Executive Directors who are not on the Board (including any performance related remuneration) and changes to those arrangements must be approved by the Secretary of State.

4.7 Where an employee or Board Member's remuneration will exceed the thresholds as set out in the Cabinet Office's *Guidance for Approval of Senior Pay*, prior agreement must be obtained from the Secretary of State and the Chief Secretary for the Treasury, unless otherwise agreed. This need for consent will apply to any new appointment or reappointment to a role regardless of whether this is at the same level as has been previously consented to by the Secretary of State.

4.8 Highways England must put in place a Remuneration Policy which sets out the structure for pay, remuneration (including any long or short term incentive schemes), conditions of service and headcount for all staff for periods of up to five years. The Remuneration Policy and any changes to it require the written consent of the Secretary of State prior to implementation.

4.9 Gifts by management to staff are subject to the requirements of the Cabinet Office guidance on non-pay rewards.

Pensions, redundancy and compensation

4.10 Highways Agency staff who are part of the Principal Civil Service Pension Scheme will remain part of that scheme once transferred to Highways England. Highways England will be the Principal Employer in respect of those employees for the purposes of the Principal Civil Service Pension Scheme.

4.11 Highways England, the Secretary of State and the Minister for the Cabinet Office are, and must remain, parties to the Admissions Agreement for the Principal Civil Service Pension Scheme.

4.12 The Company will make appropriate arrangements, in line with auto-enrolment legislation, for new staff to join a suitable independent personal pension provider which will attract an employer's contribution.

4.13 Should, in the future, the Company decide to establish its own Trust-based scheme on value for money grounds, the Company will seek the approval of the Secretary of State.

4.14 Any proposal by the Company to pay sums in respect of redundancy or compensation for loss of office requires the approval of the Secretary of State.

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5. Performance and Monitoring

Monitoring of Performance

5.1 Highways England must operate management information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budget, objectives, and targets set out in the Road Investment Strategy, the Strategic Business Plan and the Delivery Plan and to monitor and report on risks to successful delivery of those objectives.

Information Flows

5.2 Highways England will work with the Department to share performance information so that early warning is given of any potential problems.

5.3 Highways England and the Department must take the initiative in informing the other of changes in external conditions, in particular where these:

- May make the achievement of Highways England's obligations more difficult or less difficult;
- Are likely to result in Highways England having insufficient funds to meet its operational costs or its obligations under any contracts;
- Represent a claim under any Deed of Guarantee provided by the Secretary of State; or
- Raise significant reputational risks for Highways England or the Department.

5.4 A number of specific data requirements are set out in this Framework Document, the Licence and the Road Investment Strategy. Highways England will provide the Client Team with the information necessary to effectively monitor development and delivery, including information on progress against individual projects, programmes or funds listed in the Road Investment Strategy's Investment Plan. The format for supplying monitoring information will be agreed from time to time between the Department and the Company.

5.5 Any briefings or submissions from Highways England to Ministers must be sent via the Shareholder Team or Client Team as appropriate to the matter. The Secretary of State may from time to time request briefing on such reports or performance.

5.6 The Company and the Department shall continue to work together to improve the system of regular in-year reporting to stakeholders and to the wider public, reflecting the commitment to openness and

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transparency in the provision of information about the Company's activities.

5.7 The Company (through its Company Secretary) must provide the Shareholder Team, on behalf of the Secretary of State, with copies of Board agendas, minutes and supporting papers at the same time as they are sent to the Board as well as any other information or records of the Company that the Shareholder, the Secretary of State, might reasonably require for managing its shareholding and monitoring corporate performance. The Chair will designate the contact for any communication about Board proceedings.

5.8 The Company shall provide the Shareholder with a draft version of the audited Annual Report and Accounts for each Accounting Period for review and agreement by the Secretary of State prior to approval by Directors and publication.

5.9 The Department will seek to limit additional reporting requirements on the Company and where possible will rely on reports prepared for the Board or as detailed in this Framework Document, the Licence, the Accounting Officer Letter and the F&R Letter or produced for the Highways Monitor or Transport Focus or under the Road Investment Strategy variation and change control mechanisms. However, the Department is entitled to such information in relation to the affairs of the Company as it may require but will seek to give reasonable notice.

5.10 The following formal meetings, chaired by the Department, will take place to ensure appropriate information flows between the Company and the Secretary of State.

Strategic relationship

- *Bi-annual Secretary of State meeting* - the Secretary of State, the Department's Director General responsible for the strategic road network, and the Directors responsible for the Department's Shareholder and Client Teams will meet twice a year with the Chair and Chief Executive of Highways England and the Shareholder Appointed Director. The Secretary of State and other Ministers may require further meetings as necessary.
- *Monthly Principal Accounting Officer Meeting* - the Principal Accounting Officer will meet monthly with the Accounting Officer and Chair of Highways England.
- *Bi-annual Director General Meeting* - the Department's Director General responsible for the strategic road network will meet with Non-Executive Board members of Highways England twice a year to discuss any issues or concerns.

Performance of Highways England

- *Quarterly Shareholder Meeting* - the Shareholder Team will meet quarterly with the Chair, Chief Executive and Finance Director of Highways England to discuss performance, delivery, risk and other shareholder matters.

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- *Quarterly Client Meeting* - the Client Team will meet quarterly with the Chief Executive and other Executive Directors (as appropriate) of Highways England to discuss performance, delivery of the Road Investment Strategy and other client matters.
- *Monthly Review Meetings* - the Client Team will meet with the Director of Strategy and Planning of Highways England or other key personnel monthly or as otherwise agreed to review progress, share information and resolve issues.

Other meetings

- Meetings between officials and expert staff from both the Department and Highways England will be encouraged and held as required.
- Other meetings will be held as contemplated in further sections of this Framework Document and, as appropriate, in the Accounting Officer Letter, the F&R Letter or other guidance that may be issued.

Highways Monitor and Transport Focus

5.11 The Highways Monitor and Transport Focus carry out functions under sections 9 to 13 of the Infrastructure Act 2015 with respect to the performance of Highways England.

5.12 Highways England will work openly and transparently and foster productive relationships with the Highways Monitor and Transport Focus and will provide any information to those parties as required by statute and in the Licence. The Company must make available to the Department any information that is provided to either the Highways Monitor or Transport Focus: the Department and Highways England will work together to establish the mechanisms and processes for this.

5.13 The Department and Highways England will maintain a Memorandum of Understanding (MoU) with Transport Focus and Highways England will set out their working arrangements with the Highways Monitor.

5.14 As set out in the MoU between them, the Department and the Highways Monitor will cooperate to ensure that their information requirements, monitoring activity and any enforcement activity with respect to Highways England's performance is coordinated.

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The Delivery Plan

5.15 Highways England is required to produce a Delivery Plan under paragraph 6.23 of the Licence. The Delivery Plan is expected be a rolling plan that is updated every financial year that shows how the Company will meet its duties, functions and commitments under the framework described in paragraphs 1.9 to 1.15 of this Framework Document. For the avoidance of doubt, this should at a minimum include any delivery requirements set out in:

- The Road Investment Strategy's Investment Plan including major schemes and programmes of work funded through the Ring-Fenced Funds;

- The Road Investment Strategy's Performance Specification;
- The Company's Strategic Business Plan, or any other public commitment made by the Company;
- The Licence; and
- This Framework Document.

5.16 The first year covered by the Plan must contain sufficient timetabling and financial detail to enable Highway's England's performance against the Plan to be monitored. For later years the Delivery Plan may contain less detail but must demonstrate how the Company's commitments will be met over the remainder of the Road Period.

Change Control for the Road Investment Strategy and Delivery Plan

5.17 The change control mechanisms for the Road Investment Strategy, including those for a full variation, are captured in part 6 of the Licence. In addition to these, Highways England must engage the Department in changes to its Delivery Plan, substantial changes to which must be agreed in writing by the Secretary of State. The requirements with respect to the Delivery Plan are set out below. In the event that the Department applies change control to, or undertakes a full variation of, the Road Investment Strategy, the Company must update the Delivery Plan to ensure that it remains consistent with the prevailing Road Investment Strategy.

5.18 Where in-year variations to the Delivery Plan, on both a consequential and a cumulative basis, are expected to affect Highways England's ability to meet its commitments under the Road Investment Strategy Highways England will inform the Client Team and, where appropriate, the Shareholder Team. This includes where variations affect Highways England's total spend for each Ring-Fenced Fund over the Road Period; its ability to meet start of works dates for major schemes as shown in the Delivery Plan, or its compliance with statutory directions, guidance or legal duties. The Client Team (with advice from the Shareholder Team) will decide within 14 calendar days whether Delivery Plan change control will apply and Highways England must secure approval of the Secretary of State.

5.19 Highways England must support the Department in assessing whether a change to the Delivery Plan (individually or cumulatively with previous changes) will, or will not, trigger the Road Investment Strategy variation or change processes.

5.20 Obligations with respect to changes to planned expenditure beyond the end of a Road Period are detailed in Annex A to the F&R Letter.

5.21 Highways England must ensure that the Highways Monitor is provided with a summary of any revisions to the Delivery Plan, including those under paragraph 5.17 to 5.19 above, on at least an annual basis so that such changes can be taken in to account when offering a judgment on

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the Company’s performance or when deciding if a sanction or reward is justified.

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6. Corporate Planning and Financial Management

Background

6.1 Highways England's funding for any Road Period is set out in the relevant Road Investment Strategy. However, in order to comply with Parliamentary accountability standards and to plan the budget and financial flows, Highways England must also participate in the Department's annual corporate planning and Estimates process. This process usually starts in the autumn of each year.

6.2 Highways England's budgetary controls and corporate and financial planning arrangements, while meeting company law and related fiscal requirements, must also apply the requirements set out in HM Treasury's *Managing Public Money, Consolidated Budgeting Guidance* and the *Financial Reporting Manual* ("FReM").

6.3 Details of the financial reporting requirements are set out in the F&R letter.

Budget Control Totals and Financial Resources Available

6.4 For each financial year the Department will notify Highways England of its formal budget control totals for that and subsequent years. These control totals will be calculated in accordance with the financial resources available to Highways England as defined in Annex A to the F&R Letter. These financial resources available take account of the funds set out in the Road Investment Strategy and any carrying forward or bringing forward of Capital Departmental Expenditure Limit ("CDEL") from other years as described in Annex A of the F&R Letter.

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Contribution to the Department's Corporate Planning

6.5 As part of its corporate planning process, the Department requires Highways England to provide a final contribution to the Department's rolling corporate plan by the end of February each year. The Department will require draft contributions by January to allow for appropriate scrutiny and discussion.

6.6 Highways England and the Department will work together to ensure that the contribution in paragraph 6.5 above meets the needs of the Department and uses, as far as possible, information from Highways England's corporate and business planning processes.

7. Financial Control

7.1 Through the Accounting Officer, Highways England has authority to incur expenditure as set out in the F&R Letter as issued from time to time by, or on behalf of, the Principal Accounting Officer.

Investment Decision-Making and Assurance Process

7.2 Highways England and the Department will work together to ensure an effective assurance regime with respect of its expenditure of public money and in order to support the PAO in discharging his or her responsibilities. To enable the delegation limits detailed in the F&R Letter, this assurance regime will need to confirm that decision-making at Highways England meets the following criteria and the provisions in paragraphs 7.3 to 7.7 below:

- Is credible in its overall efforts to maintain and improve value for public money;
- Is supported by a robust structure for approval and monitoring, involving the Client Team and HM Treasury where relevant;
- Supports individual decisions that deliver value for money; and
- Is based on a robust evidence base.

7.3 Highways England must maintain a governance framework for managing investment, including setting out the means by which the Board ensures oversight of any such spending. The Company must maintain an adequately resourced integrated portfolio management office.

7.4 For investments over £50m Highways England must follow the HM Treasury Green Book five-part business case model and any other relevant guidance from the Department or Government. The Company must maintain counterparts to the Department's centres of excellence, who will ensure the individual components of any business case are assessed rigorously and consistently in the relevant areas and that assurance is carried out in line with the Department's standards and guidance. Where agreed, the Department's centres of excellence will support their counterparts to provide appropriate assurance.

7.5 The Secretary of State retains the right to appoint a Client Advisor (which may be a single person or a team) to ensure, on behalf of the Secretary of State, that assurance standards are met and that value for money is being delivered. Where such an appointment is made, Highways England must supply the Client Advisor with the information and the office / IT facilities to enable them to have the real-time visibility of internal deliberations and decisions necessary to fulfil their remit.

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7.6 Highways England must inform the Client Team of projects or schemes which may meet the Escalation Criteria as set out in Annex A of the F&R Letter, and the Client Team will notify Highways England of any cases which it judges to do so. In such cases (an *"escalation")* the Department may write to the Company's AO on behalf of the PAO to advise of any factors that the Company should take into account in deciding whether / how to proceed with work.

7.7 It is expected that the Highways Monitor will publish an annual report which advises whether the company is following these assurance arrangements and will inform any reviews of the assurance and delegations regime by the Department and Highways England. The Department and Highways England will work with the Highways Monitor in making this assessment.

7.8 The Department reserves the right to conduct, in 2017 or otherwise as it sees fit, an independent review of the assurance system led by an appropriately qualified third party, to confirm that the assurance process (particularly elements introduced on Highways England's appointment as a strategic highway company) are operating effectively. Following this review the Department may make changes to its requirements and / or oversight arrangements.

Procurement

7.9 Highways England will produce and adhere to its own procurement policies which will take account of any policies or guidance issued by the Cabinet Office and the Department's procurement policies and governance requirements.

7.10 Highways England's procurement staff will work collaboratively with the Department Group Procurement function and contribute, as agreed between the Highways England Director of Commercial & Procurement and the Department Director of Group Procurement & Property or their representatives, to the Group Procurement Strategic Plan and collective objectives.

7.11 Contractual Authority is delegated by the Principal Accounting Officer to Highways England's Accounting Officer. The Accounting Officer may sub-delegate authority in writing to other staff within Highways England, provided this is to named individuals in specific posts who have confirmed in writing that they have accepted the Contractual Authority conditions.

Financing

7.12 Except where agreed in this Framework Document or elsewhere, Highways England must not, without prior approval of the Secretary of State:

- Borrow or lend money, charge any asset or security, give any guarantee or indemnity or letter of comfort, or enter into any contingent liability, whether or not in a legally binding form;

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- Enter into long term externally financed contracts;
- Make any investments in traded financial instruments or enter into hedging arrangements for foreign currency or commodity prices (whether in relation to the supply of goods and services or for speculative purposes);
- Enter into a sale and leaseback (or similar) transaction or exploit property assets in a novel way; or
- Build up cash balances, or net assets in excess of that which is required for operational purposes.

Deeds of Guarantee issued by the Secretary of State

7.13 The Secretary of State has issued Deeds of Guarantee with respect to specific contracts that will be transferred to Highways England. With respect to these, Highways England:

- Must not, without prior approval, take (or fail to take) any actions that could lead to any Deed of Guarantee being called upon by the third party;
- Must inform the Department in a timely manner of any material disputes with respect to these; and
- Must not agree any variation or exercise any rights under existing contracts with third parties that has the potential to increase the liabilities or otherwise materially affect any Deed of Guarantee issued by the Secretary of State.

7.14 The Department may require Highways England to reimburse any payment made by the Department under any such Deed of Guarantee through an adjustment to budget and consequent transfer of funds or otherwise.

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8. Risk, Security and Audit

Risk Management

8.1 The Board must ensure that effective arrangements are in place for determining the nature and extent of the risks the Company faces and must maintain sound risk management, control systems and assurance framework. The Board's arrangements for the management of risk must follow best practice in corporate governance and risk, including Financial Reporting Council guidance and HM Treasury guidance *Management of Risk: Principles and Concepts* (referred to as the Orange Book).

8.2 The Audit and Risk Committee's terms of reference and working practices will include risk assurance and follow HM Treasury's *Audit & Risk Assurance Handbook*. The Audit and Risk Committee will have responsibility for advising the Accounting Officer in exercising his or her responsibilities for operating adequate and effective internal controls and will also support the Department's Group Audit & Risk Assurance Committee to fulfil its responsibilities.

8.3 The Company must adopt and implement policies and practices to safeguard itself against fraud, malpractice and theft, in line with the Treasury's guidance on tackling fraud; it must also take all reasonable steps to appraise the financial standing of any firm or other organisation with which it intends to enter into a contract.

Insurance

8.4 Highways England must take out external insurance that is required by statute (including under the Road Traffic Acts) or law, unless an appropriate Certificate of Exemption is provided, and may take out external insurance in accordance with the guidance set out in with *Managing Public Money*. The Secretary of State has provided a Certificate of Exemption for Employer's Liability Insurance. It is expected that the Company will take out Directors & Officers Liability insurance on commercial terms.

8.5 The Department will consider on a case-by-case basis whether, in the case of a major loss or third party claim, an addition to budget out of the Department's funds and / or an adjustment to Highway England's delegated budget is appropriate.

8.6 Highways England's standard conditions of contract must require contractors of Highways England to indemnify appropriate parties in respect of personal injury, loss or damage to property, and financial loss resulting from advice given or omitted to be given and any other loss arising from a contractor's act or omission.

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Protective Security and Resilience

8.7 The Government Security Policy Framework ("SPF") will apply to Highways England in relation to all aspects of protective security: information security, physical security and personnel security.

8.8 Whilst Highways England will establish its own security governance structure, it will be accountable to the Department's Senior Information Risk Officer and Department Security Officer, consistent with the requirements of the SPF. This will include the requirement to report annually to the Department's Senior Information Risk Officer and the Departmental Security Officer on Highways England's compliance with all aspects of the SPF.

8.9 Highways England will discharge its duties as a Category 2 responder under the Civil Contingencies Act 2004. It will be accountable to the Secretary of State (through the Transport Security Board or any successor arrangements) for the resilience of the strategic road network to national security risks, including from terrorism, cyber-attack, natural hazards and other risks outlined in the National Risk Assessment.

Internal audit

8.10 Highways England's Accounting Officer is responsible for establishing and operating adequate and effective internal controls. As part of the arrangements described in paragraph 8.1, the Company must maintain a framework and remit for its decision-making bodies that sets out clearly how and by whom internal decisions are made, and ensure that they are recorded.

8.11 The Company must establish an appropriate internal audit function which must report to the Board's Audit and Risk Committee, and provide to the Department all material reports and findings.

8.12 Highways England's internal audit function must comply with HM Treasury's *Public Sector Internal Audit Standards* (PSIAS). The Head of Internal Audit at Highways England must also establish appropriate working protocols for the sharing and provision of reports, plans, assurances and other information to the Group Head of Internal Audit for the Department.

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External audit

8.13 The Comptroller & Auditor General (C&AG) will audit Highways England's Annual Accounts.

8.14 To enable the C&AG to exercise his or her function as the appointed auditor, Highways England will make available relevant information, documents and access to staff as necessary, including for the period prior to appointment, to develop a sound understanding of the Highways England business and accounts.

8.15 The C&AG may share with the Department information identified during the audit process following the completion of the audit. Once issued to

Highways England, the C&AG may share with the Department relevant audit planning reports, interim progress reports and audit completion reports (together with any other relevant outputs).

8.16 The C&AG may carry out value for money studies under the National Audit Act 1983 examining the economy, efficiency and effectiveness with which Highways England has used its resources in discharging its functions.

8.17 Highways England must provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients, contractors and sub-contractors as may be required for its examinations and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

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9. Assets and Protocols

Land and Property

9.1 Highways England is responsible for all aspects of the management of the land and property assets that it owns and those which it manages under a Protocol on behalf of the Department.

9.2 Highways England will abide by *Managing Public Money* in its land, property and estates dealings and otherwise act responsibly in all such matters, including exercising the Secretary of State's obligations under the Crichel Down Rules when disposing of land previously acquired by, or under the threat of, compulsion.

9.3 Highways England must develop, maintain and implement an Estates Strategy which sets out the approach to management of land and property. The Estate Strategy must demonstrably support delivery of the Licence and the Road Investment Strategy. For the non-operational estate Highways England must liaise with the Department to ensure that the approach is consistent with the Department's Estates Strategy.

9.4 In developing and implementing the Estates Strategy the Company must give due consideration to any Government strategies and policies on estates, in discussion with the Department's Client Team. In particular Highways England must contribute to any strategic land and property reviews to which the Department is required to contribute.

9.5 As required by the Government Strategic Land & Property Review Highways England must undertake a valuation on an Alternative Use basis of any non-operational and non-highway operational land and property by 31 December 2015 and on a rolling basis to ensure that the valuation for all estate is updated within a Road Period. In undertaking those valuations, Highways England will carry out an initial, high level assessment based on which the Company and the Department will agree a list of assets on which Highways England must carry out a full valuation.

9.6 Where, based on valuations carried out under 9.5, the Department believes there may be a case for putting the land or property to an alternative use, the Department will work with Highways England to develop a business case which will assess the full impacts on the Company. If, subsequently, the Secretary of State requires Highways England to transfer land which would result in a significant impact on the Company's ability to fund or deliver its activities, the Secretary of State will consider making a proportionate change in the requirements on Highways England or the funding made available by the Government.

9.7 Highways England must provide information as reasonably requested by the Department and provide statistics to the Department each month on

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all actual and forecast capital land sales (capital receipts) and statistics on the number of housing units enabled; actual, prospective and forecast. Highways England must make any other relevant information available at the request of the Secretary of State or other Ministers.

9.8 All property records and boundaries for newly acquired land and property must be entered onto e-PIMS, within ten business days of the completion of any transaction and otherwise in a timely manner.

9.9 Highways England will represent the electronic boundary of its operational estate on e-PIMS by 31 March 2016, by combining the best available data from maintenance records and land ownership records. Highways England will then pursue a project to complete an accurate record of all its land holdings, using this initial representation as its baseline. The Company will regularly update e-PIMS as the accuracy of its records improves. The project will be substantially completed by 31 March 2018. Areas of the strategic road network adjacent to Road Investment Strategy schemes and adjacent to HS2 will be prioritised. The project will also pursue the correct registration of de-trunked highways as regards land transfers to local highway authorities to the same timescale.

9.10 Highways England will use General Vesting Declarations (GVD) as its default and preferred method for acquiring titles by compulsion and will only propose to use the Notice to Treat and Enter (NTE) procedure when it has good operational reasons for doing so. The Company will take measures during 2015/16 to ensure that GVD methodology is fully adopted across the whole of the Company. From 1 April 2016, the Company shall be required to obtain the written approval of the Secretary of State before any non-GVD compulsory acquisition of title is taken forward, and the Company should plan schemes accordingly so as to avoid possible delays.

Copyright and Intellectual Property

9.11 Highways England is subject to the *UK Government Licensing Framework for public information* (UKGLF) and the *Re-Use of Public Sector Information Regulations 2005 (*PSI Regulations*)*.

9.12 Unless such rights are not capable of being assigned, or circumstances mean that such an assignment would not represent value for money or would be otherwise inappropriate, Highways England must ensure that the ownership of any intellectual property arising under or in relation to any contracts with third parties is assigned to the Company.

9.13 Highways England have assigned copyright to the Crown but will hold, and remain custodian for, copyright and database rights for operational purposes.

9.14 Unless otherwise agreed between the Department and Highways England, the Company must give the Department perpetual, irrevocable, non-transferable, sub-licensable, royalty-free and non-exclusive rights to use intellectual property that is not assigned under 9.13.

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Protocols

9.15 Highways England must deliver the services described in the Protocol Agreement which is attached as Annex C to this Framework Document. The plans for delivering the Protocols must be included in the Delivery Plan.

9.16 Protocols that are in place at the time of the appointment of Highways England, and in particular those listed in the Protocol Agreement at the date that this Framework Document comes into force are funded through the Road Investment Strategy.

9.17 Additional Protocols may be added to the Protocol Agreement from time to time subject to agreement on resourcing and funding.

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10. Information

Knowledge and Records Management

10.1 Highways England must adopt and implement policies and practices to ensure that corporate records, held in all formats, are appropriately managed, protected and exploited.

10.2 The Company is subject to the Public Records Act 1958 by its inclusion in Part 2 of the Table in Schedule 1 to the Act. Responsibilities with respect to knowledge and records management include, but are not limited to:

- Ensuring the safe-keeping and management of all public records held by, or on behalf of, the Company throughout their lifecycle in accordance with the Lord Chancellor's Code of Practice on the management of records issued under section 46 of the Freedom of Information Act 2000;
- Ensuring the appropriate disposal of public records held by, or on behalf of, the Company including the selection of those records which ought to be preserved permanently in accordance with the Public Records Act 1958 in compliance with statutory timeframes. This duty must be undertaken under the guidance and supervision of the Keeper of Public Records; and
- Appointing a Departmental Record Officer, or equivalent, to provide leadership over arrangements to support records management at the Company in accordance with best practice guidance from The National Archives and Cabinet Office.

Information Access and Data Privacy

10.3 Highways England is subject to the Freedom of Information Act 2000 (by virtue of sections 3(1)(b) and 6) and Environmental Information Regulations 2004, and must handle requests for information in accordance with this legislation. Responsibilities with respect to information access regimes include, but are not limited to:

- Highways England and the Department must support each other in fulfilling their responsibilities under the Freedom of Information Act 2000 ("FOI Act") and the Environmental Information Regulations 2004 ("EIRs") and each must provide input or information as requested by the other relating to information held on the other's behalf.
- With regard to information held by one party on the other's behalf, should the Department require input or information from Highways England, or vice versa, in order to answer an FOI Act or EIRs request, the organisations will work together to ensure that the

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responding organisation can do so in keeping with its obligation s under the FOI Act and the EIRs, and with the guidelines in the Code of Practice issued under section 45 of the FOI Act.

10.4 Highways England is a data controller under the Data Protection Act 1998 and must register with the Information Commissioner's Office in its own right and must process personal data in compliance with its obligations under the Act.

Responding to Parliament and MPs

10.5 Highways England must support the Department in fulfilling its responsibilities to Parliament (including dealing with Parliamentary Questions and Ministerial correspondence). This will require Highways England to provide input, information or data, which is appropriate for and facilitates Parliamentary scrutiny in relation to the Department and the Company's work. This must be done promptly and in a form satisfactory to Ministers.

10.6 Should the Department require input, information or data from Highways England, or vice versa, in order to answer other correspondence or similar matters, the organisations will work together to ensure that the responding organisation can do so within Whitehall Standards.

Complaints

10.7 The Chief Executive is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration ("the Ombudsman"). As Principal Officer, he or she must inform the Principal Accounting Officer of any complaints about Highways England accepted by the Ombudsman for investigation, and about the proposed response of Highways England to any subsequent recommendations from the Ombudsman.

10.8 Highways England must establish and operate effective, clear and accessible procedures for handling complaints about the Company. These must be made widely known within Highways England and externally. The Secretary of State retains the right to scrutinise and amend this process.

Media and Communications

10.9 The Department and Highways England will cooperate with respect to media, press and communications activity and agree working practices in support of this.

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11. Reviewing the Role of Highways England

11.1 The role of Highways England will be periodically reviewed by the Department to ensure the Company remains efficient and effective. Such reviews will be timed to dovetail with the normal Road Investment Strategy cycles the timeframes for which are set out at the start of each Road Period, or sooner in the event of a significant change in the scope or direction of its primary aims.

11.2 This Framework Document and the F&R Letter will be reviewed by the Department and Highways England following a review of Highways England's functions under paragraph 11.1.

11.3 If the decision were made for Highways England to be wound up, the Department must put in place arrangements to ensure a smooth and orderly transition. In particular, the Department is to ensure that procedures are in place in Highways England so that the Department can obtain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the transition effectively and to maintain the momentum of any ongoing and / or transferred work. If there is no successor organisation, the assets and liabilities will revert to the Department.

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Annex A. Compliance with government-wide corporate guidance and instructions

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A.1 In addition to Company Law Highways England shall comply with the following general guidance documents and instructions as updated from time-to-time unless amended by this Framework Document, the F&R Letter or otherwise agreed with the Department and, as appropriate, HM Treasury or the Cabinet Office:

- Audit and Risk Assurance Committee Handbook, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/206978/audit_and_risk_assurance_committee_handbook.pdf
- Appropriate adaptations of sections of Corporate Governance in Central Government Departments: Code of Good Practice https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments
- Cabinet Office Controls', guidance issued by the Cabinet Office http://www.cabinetoffice.gov.uk/resource-library/cabinet-office-controls-guidance
- Cabinet Office Guidance for approval of senior pay https://www.gov.uk/CST-approval-process-version-3-Final.pdf
- Cabinet Office Guidance on Settlement Agreements, Special Severance Payments and Confidentiality Clauses on Termination of Employment https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/395393/Settlement_Agreements_Civil_Service_guidance_01_Feb_2015_FINAL.pdf
- Consolidated Budgeting Guidance, https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2014-to-2015
- Consolidation Officer Memorandum, and "Dear Consolidation Officer" letters
- Code of Conduct for Board Members of Public Bodies http://www.civilservice.gov.uk/wp-content/uploads/2011/09/code-of-conduct_tcm6-38901.pdf
- The Department's Transport Business Case process https://www.gov.uk/government/publications/transport-business-case

- Government Financial Reporting Manual (FReM), https://www.gov.uk/government/publications/government-financial-reporting-manual
- Managing Public Money, https://www.gov.uk/government/publications/managing-public-money
- Management of Risk: Principles and Concepts https://www.gov.uk/government/publications/orange-book
- Public Sector Internal Audit Standards, https://www.gov.uk/government/publications/public-sector-internal-audit-standards
- Tackling External Fraud, http://www.nao.org.uk/wpcontent/uploads/2013/02/Tackling_External_Fraud.pdf
- Tackling Internal Fraud, http://webarchive.nationalarchives.gov.uk/20130129110402/http:/www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf.pdf
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples
- Relevant "Accounting Officer" and delegations letters
- Regularity, Propriety and Value for Money, http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm
- Relevant Freedom of Information Act guidance and instructions (Ministry of Justice)
- Other relevant guidance and instructions issued by HM Treasury in respect of Whole of Government Accounts
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and notified as relevant to the Highways England.

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Annex B. Department's Shareholder and Client Teams

Shareholder Team

B.1 The Shareholder Team advises and, as appropriate, acts on behalf of the Secretary of State in managing financial risk and return, which it does through challenging and supporting the Board and Company in the achievement of its objectives.

B.2 In particular the Shareholder Team takes forward the matters listed below.

- Ensuring that the Board is well led and functioning effectively through establishing and maintaining a strong relationship with the Board.
- The appointment of the Chair and any Shareholder Appointed Director.
- Securing approval to the appointment of other Directors.
- Agreeing the shareholder interests in the Delivery Plan and holding the Board to account for its delivery against those.
- Monitoring the Delivery Plan and ensuring that the Board is effectively addressing the risks and opportunities.
- Providing support to the Board in the event of significant strategic changes which could impact the delivery of the Delivery Plan or the solvency of the Company.
- Working to secure approvals with respect to corporate arrangements from HM Treasury, Cabinet Office and other Government departments on behalf of (and with the support of) Highways England.
- Providing the Board with wider political and policy context, as appropriate.
- Represent Highways England's shareholder interests to other parts of Government in order to ensure the best outcomes and best value for the public sector as a whole.

Client Team

B.3 The Client Team advises and, as appropriate, acts on behalf of the Secretary of State as an intelligent client, reviewing performance on a real-time basis so that potential problems are resolved before they have an impact on overall delivery as well as working with the Monitor to understand longer term performance.

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B.4 The Client Team takes forward, in particular, the matters listed below.

- Issuing the Licence and additional statutory directions and guidance on behalf of the Secretary of State and considering the Company's performance with respect to those as required by the Infrastructure Act 2015.
- Specifying the Road Investment Strategy, Protocols and other agreements between the Department and Highways England.
- Agreeing the Delivery Plan to ensure it is in line with the Road Investment Strategy and requirements under the Licence and Protocols.
- Providing policy for the strategic road network and setting the long-term strategic vision with respect to which Road Investment Strategies are set.
- Ensuring that the Road Investment Strategy continues to be appropriate, initiating change control or variation as necessary.
- Managing delegation, approvals and the Road Investment Strategy change control (including variation) and change control processes, and providing Departmental input to the Delivery Plan change control process.
- Working to secure approvals with respect to the Road Investment Strategy from HM Treasury, Cabinet Office and other Government departments on behalf of (and with the support of) Highways England.
- Managing information flows between Highways England and other Government departments.
- Work with Transport Focus and the Highways Monitor to monitor and assess the company's performance against its objectives in the Road Investment Strategy, any Protocols and the provisions of the Licence and Delivery Plan.
- Representing Highways England's policy and client interests to other parts of Government in order to ensure the best outcomes and best value for the public sector as a whole.
- Liaising with the Company on day-to-day finance and performance issues.

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